WORKPLACE SAFETY & INSURANCE BOARD

2015 Annual Report

Transforming the WSIB

wsib
cspaat
ONTARIO

Elizabeth Witmer
Chair
Présidente du conseil

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cspaat
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April 29, 2016

The Hon. Kevin Flynn, MPP
Minister of Labour
400 University Avenue, 14th Floor
Toronto, ON
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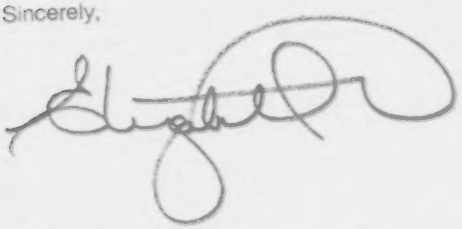
Dear Minister,

On behalf of the Board of Directors of Ontario's Workplace Safety and Insurance Board, I am pleased to submit the WSIB's 2015 Annual Report. This, as you know, includes the Financial Statements for the year as submitted by the external auditors of the WSIB under the direction of the Auditor General, as appointed by the Lieutenant Governor in Council.

I can say with confidence that 2015 was another rewarding year for the WSIB and its stakeholders, as we continue to build a system that is fiscally secure and more responsive to the needs of injured workers and employers alike. Most notably, after reaching an unsustainable high of $14.2 billion in 2011, our unfunded liability (UFL) ended 2015 at $7.0 billion – and continues to fall at a pace well ahead of the legislated timetable for its elimination. This is being achieved at the same time as significant new investments are being made in supports and programs for injured workers, together with the ongoing introduction of new technologies to enhance the customer service experience for employers.

Minister, we look forward to working with you in 2016 as together we build the best workplace compensation system in North America.

Sincerely,



Elizabeth Witmer
Chair

Workplace Safety and
Insurance Board of Ontario

2015 Annual Report

Table of Contents

Chair's Message 4

President & CEO's Message 5

Organizational Strategic Planning 6

Pooled Asset Management: Investing in our future 9

WSIB on track toward fiscal sustainability 10

The Rate Framework Modernization Initiative: Simplifying the rate setting process 12

Enterprise Risk Management ensures trust and confidence in the WSIB 14

Return-to-Work Programs: Making a difference in the lives of injured workers 15

National Day of Mourning: Doing all we can to eliminate workplace injuries 16

Engaging with youth: WSIB's #PracticeSafeWork social media campaign 17

Board of Directors & Committees 18

MANAGEMENT'S DISCUSSION & ANALYSIS 21

CONSOLIDATED FINANCIAL STATEMENTS 57

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS 65

Chair's Message

I am pleased to provide a review of our 2015 accomplishments.

The WSIB has undergone a transformation to become more transparent, financially sustainable and accountable to the people we serve. Changes have been enacted to make our workplaces safer and improve service excellence for workers and employers, provide more timely and enhanced health care and help workers return to work more safely and quickly.

It has also resulted in reducing our unfunded liability from $14.2 billion in 2011 to $7.0 billion at the end of 2015 and its anticipated elimination by 2022 – five years ahead of schedule. All of these achievements have been realized while maintaining benefits for injured workers and achieving the best health and safety and return-to-work outcomes in Canada. Without the burden of the Unfunded Liability (UFL), we are excited about the possibilities that lie ahead.

These changes have been approved and overseen by a competency-based Board of Directors, bringing to the table the highest levels of relevant expertise and independence, and reflecting the perspectives of our stakeholders in the broader public interest. State-of-the-art governance of this kind is essential to ensure the successful achievement of our strategic plan.

Strategic Plan 2016-18

The Board of Directors provided direction and set the strategic themes and goals for the new Three Year Strategic Plan for 2016-18. This plan, which is founded on five goals, as outlined on page 8 of this report, will make a real difference to the workers and employers we serve. To this end, we remain committed to publicly reporting on our progress.

Enterprise Risk Management

To help guide the WSIB's approach to risk management, and ensure that corporate governance responsibilities are met, the Board also approved a Corporate Risk Management Policy. This policy sets out our principles and accountabilities in the management and oversight of enterprise risks. As a result, risk management is now an integral part of all decision-making and organizational processes.

Rate Framework Modernization

The vital role of a governance board is to ensure that strategic policy directions have a positive impact on the programs and services we deliver. The WSIB is committed to modernizing the way it classifies employers and sets premium rates to increase fairness and transparency. To this end, in 2015, the WSIB shared its proposed new Rate Framework model with stakeholders, and engaged in extensive consultations with them.

The Board of Directors will be asked to approve the Rate Framework model in 2016. I want to thank our stakeholders, especially the members of the Chair's Advisory Committees – with whom I meet regularly – for their ongoing analysis, valued advice and perspectives.

In remembrance

In April 2015 the WSIB held a ceremony to honour workers who have died, been injured or suffered illness in the workplace. Patti Penny, mother of Luke Penny, spoke on behalf of families whose lives have been tragically impacted by a workplace fatality.

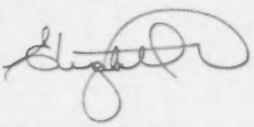
This ceremony served to remind us that we all have a role in eliminating workplace injuries, occupational diseases and fatalities and making our workplaces healthy and safe. We plan to make this an annual event and are hosting another ceremony in 2016. I remain strongly committed to promoting health and safety and creating a culture of safety throughout our province.

A vision within reach

As I reflect on this past year, it is evident that we are moving closer to achieving our goal of becoming the best workers' compensation system in North America.

These outcomes are only possible because of the work of many people. I would like to thank my Board colleagues for their guidance and support as well as our motivated staff and management team. We have been privileged to work with David Marshall, our President and CEO for the past six years, as he set the WSIB on the path to financial sustainability, while improving services and outcomes for workers and employers alike.

On behalf of the Board, I sincerely thank David for his leadership, and extend my warmest wishes for continued success in all his endeavours.



Elizabeth Witmer,
Chair

President & CEO's Message

I am pleased to report that, once again, the WSIB has continued to reduce its UFL and make benefits more secure for injured workers.

We are reporting comprehensive income this year of $1.4 billion. This is in contrast, as Ontario's Auditor General reported, to the average $900 million of losses each year for 10 years leading up to 2010.

An annual report like this one contains many complex schedules and numbers. But these data are just another way to tell the story about what happened during the year. Here, in words, is the story behind three of the most important numbers in this year's report.

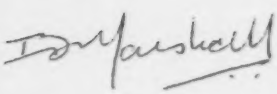
Premium income for the year, at $4.7 billion, was the highest it has ever been and higher than last year – even though we held employer premiums flat for the third year in row. This is because employment payroll increased, which is good news for Ontario's economy. On the other hand, injury claims came down again in 2015, but we didn't reduce employer premium rates because we wanted to pay off the UFL. You can see that today's employers are paying for past expenses, which is unfortunate but unavoidable if we want to make the system more sustainable for injured workers. The sooner we pay off the UFL the better, and we are ahead of schedule to do so.

Our investment income was down this year because of challenging capital markets, but because we diversified our holdings, we were able to earn 5.8 per cent on our investments. Our investment fund now stands at $26 billion compared to $14 billion when we started our turnaround efforts six years ago.

Benefit payments, in cash terms, amounted to $2.3 billion, which is the lowest they have ever been. This is because we have been continuing to see a decline in the number of injury claims. Equally positive is the fact that we are getting workers safely back to health and back to work much faster. Compared to 2009, the percentage of injured workers who still need benefits one, two and four years after their injury has been cut almost in half, and the number of workers who develop permanent impairments for life from their workplace injuries has been reduced by half as well. Lower injury claims and faster return to work for those who were injured are the reasons why benefit costs have come down.

Apart from the social and emotional value to workers themselves, there is a very important economic reason for helping workers recover and return to work faster. If workers are not helped back to work by the WSIB, and the cost of the system borne by employers keeps going up, businesses either reduce wages or pare back their workforce to save costs. That would not be fair to anyone involved.

At the WSIB we have worked hard for each of the past six years of my tenure to help workers recover and get back to work as early as is safe, and to contain the cost for both workers and employers. This year's annual report is a tribute to the results achieved through the guidance and support of our Board of Directors, our Chair, Elizabeth Witmer, and the dedication of the staff and managers of the WSIB.



I. David Marshall,
President & CEO

Organizational strategic planning

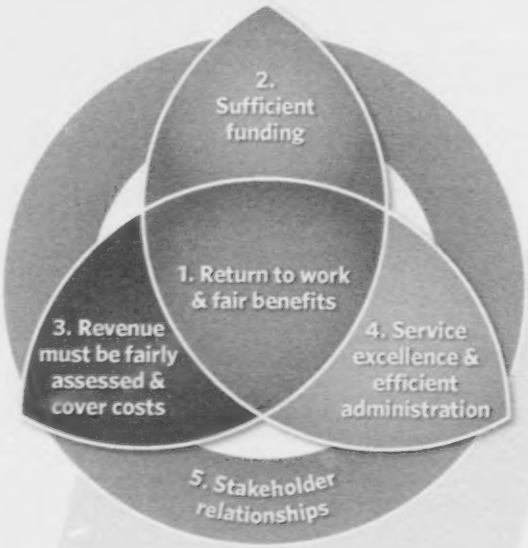
The 2012 – 2016 Strategic Plan provided a balanced and comprehensive approach towards ensuring better outcomes for workers and employers as well as addressing key drivers of the UFL.

It also set a path for how to transform the WSIB into a **modern**, **responsive** and **sustainable workplace compensation system** by focusing the organization on the five pillars shown in the graphic below.

Achieving our objectives

Today, as we transition to a new strategic plan, we can confidently say that we have made significant progress in achieving the objectives of the 2012 – 2016 Strategic Plan.

These achievements have led to improvements for our customers, and to the WSIB's operational and financial results. Just as important, we have made considerable progress towards eliminating the UFL. Achieving this goal will ensure the long-term sustainability of the workers' compensation system in Ontario.


2. Sufficient funding
1. Return to work & fair benefits
3. Revenue must be fairly assessed & cover costs
4. Service excellence & efficient administration
5. Stakeholder relationships

We are ahead of schedule in eliminating the unfunded liability

For the fifth year in a row, our premium revenue covered operating costs. Our improved service delivery model and investments in health care continue to result in better recovery and return to work outcomes for workers and employers. This, along with fewer lost time injuries, has led to a lesser need for benefits (such as wage replacement) and a more productive Ontario workforce. Because of the combination of increased premium revenue, increased investment returns and the annual cost of benefits coming down, we are well ahead of schedule in meeting our legislated obligation to achieve 100 per cent funding by 2027.

The WSIB now **expects to reach 100 per cent funding in 2022**, five years ahead of the legislated requirement.

Our integrated Health Care Strategy has improved recovery and return to work

Providing injured workers with timely and high quality health care is vital to their recovery and to getting them back to what matters—their life and their work. To achieve this, we introduced two new specialized clinic programs in 2015: the Mild Traumatic Brain Injury Assessment Program and the Case Management Program for Shoulder Injuries. These, along with other specialized clinic programs, follow our "Better at Work" philosophy of staying at or returning to work as part of the recovery process, and of acting early as key to preventing permanent impairments. In 2015 the number of injured workers in integrated health care programs increased to 40.1 per cent, up from 35.6 per cent in 2014.

Because of our continued investments in evidence-based integrated health care, today 92 per cent of injured workers return to work within 12 months with no wage loss. We can proudly say that Ontario continues to have one of the best return-to-work rates in Canada.

76%
OF WORKERS WERE SATISFIED
WITH WSIB CLAIMS RELATED SERVICES

85%
OF EMPLOYERS WERE SATISFIED
DOING BUSINESS WITH WSIB

Our investments in technology have given our customers more choice

Over the last few years, we have introduced new and improved options for our workers and employers to interact with us, through the roll-out of automated, web-enabled eServices. These new digital channels have helped to reduce the burden on Ontario businesses, by saving them up to 10 business days of waiting time per transaction. While the initial uptake of these digital services was modest at first, the efforts of our Digital Enablement team in promoting the benefits of eServices through a combination of Community outreach programs, webinars, and one-on-one personalized service, have helped increase uptake. For example, in 2015 the number of premiums reported to the WSIB through online channels increased approximately nine per cent over 2014. Also in 2015, we continued our business transformation, and have successfully implemented a claims and account management system for the intake, registration and eAdjudication of injured worker claims.

Our targeted investments in customer service and technology have streamlined the decision-making process, allowing for 90 per cent of injury compensation claims to be decided within two weeks, helping to ensure injured workers can quickly get the support they need to successfully return to work.

Our commitment to our customers continues to result in greater satisfaction with our services

Results from our 2015 independent customer satisfaction survey indicate that we maintained strong customer satisfaction results while investing in our transformation: 76 per cent of workers surveyed expressed satisfaction with the WSIB's claims related services. As well, employer scores also continue to show improvements across service excellence measures: 85 per cent of employers state that they are satisfied doing business with the WSIB. Accounts management also continues to meet employer expectations, reaching 89 per cent satisfaction. These high scores reflect the commitment of our staff to provide high quality service to both injured workers and employers.

Our 2016 – 2018 Strategic Plan is building upon our success

To build upon our accomplishments and momentum, the WSIB launched the 2016 - 2018 Strategic Plan. This new plan was developed through extensive analysis of our performance results and current operating environment, as well as consultation with both external and internal stakeholders. The WSIB Board of Directors provided direction and set the strategic themes and goals shown in the graphic below.

The new strategic plan reaffirms the WSIB's Vision, Values, and Value Proposition and commitment to its legislated mandate as well as the founding principles established by Sir William Meredith over 100 years ago. The new plan describes new ways to deliver on these core elements, in particular on our Vision to be the leading workplace compensation system—to be leaders in recovery, in return to work and in all that we do for injured workers and their employers.

STRATEGIC GOALS

Promote **health and safety** in Ontario **workplaces**.

Achieve better return-to-work and **recovery** outcomes and **administer benefits fairly**.

Eliminate the Unfunded Liability and make Ontario's workers' compensation system **financially sustainable**.

Deliver **service excellence**, **quality** and **care** through **innovation**.

Reach **shared goals** as a **dedicated** and **collaborative** team.

2016-2018 STRATEGIC FRAMEWORK
BUILDING TRUST & CONFIDENCE

Pooled Asset Management: Investing in our future

In the following conversation, ***Chief Investment Officer John Denham*** *talks about a new initiative to build an even stronger WSIB for the 21st century called Pooled Asset Management.*

Q ***What is "Pooled Asset Management"?***

A Pooled Asset Management (PAM) is a government initiative that has created a legislative framework that allows Broader Public Sector (BPS) entities such as WSIB to voluntarily pool their investment assets. These assets will in turn be managed by an arm's length professional investment management corporation with an independent and professional Board of Directors. This will be done while maintaining each organization's respective ownership and fiduciary responsibility, and allowing each to realize benefits from the economies of scale and enhanced investment opportunities that are anticipated.

Q ***Where does the idea come from?***

A PAM was first recommended in early 2012 by the Drummond Report on government reform. In late 2012, following extensive public consultations, leading pension expert (and now federal Finance Minister) Bill Morneau recommended the creation of a new pooled asset management entity for BPS assets, in accordance with specific critical success factors. PAM has been referenced in successive Ontario budgets through to 2015, when legislation enabling PAM was passed into law. That legislation was part of the province's Budget Bill, which included the creation of a new entity called the Investment Management Corporation of Ontario, or IMCO.

IMCO is being designed to consolidate Broader Public Sector pension and investment funds run by those Ontario public sector agencies that volunteer to participate. The first two voluntary entrants are the WSIB and the Ontario Pension Board (OPB). Others may choose to join over time.

Q ***What are the benefits of PAM?***

A PAM and IMCO will benefit WSIB and OPB stakeholders—Ontario employers and workers, members of the Public Service Pension Plan (PSPP) and WSIB's employee pension plan—through the enhanced sustainability of qualified investment talent, enhanced access to investment opportunities and a wider array of asset classes via greater investment economies of scale, enhanced risk management, and the optimal use of internal versus external management. These advantages, in turn, are expected to deliver enhanced risk - adjusted returns.

Q ***Once IMCO is up and running, how can we be sure the WSIB's share of the pooled assets will be managed in a way that is appropriate to WSIB needs? Or does it all go into the same "pot"?***

A The OPB and the WSIB will continue to own their respective assets, set their strategic asset allocation (SAA) and work with IMCO to establish principles, policies and procedures on how IMCO will invest these assets in a prudent, risk-attentive manner in accordance with each respective SAA.

The PSPP as a pension plan, and WSIB as the administrator of the workplace safety and insurance system, will remain separate from each other and any other clients of IMCO. They will continue to independently administer the PSPP and WSIB Investment Fund—just as they do now.

Q ***What is the time-line for getting IMCO up and running, and for PAM to become a reality?***

A Tentative expectations are for IMCO to appoint the Chair and Board of Directors in 2016, and for operations to gradually begin in 2017.

Q ***Is this the right time to change the way our Investment Fund and pension plan are administered, given all the economic uncertainty in Canada and the world today?***

A Absolutely. In fact, it could be argued that continued volatility in world markets and economies makes a strong case for PAM. One key to protecting our Investment Fund from unstable economic conditions is diversification—limiting our exposure to uncertainties in any one sector by spreading risk and opportunity across a broader array of international asset classes. This can only be done, however, if our Investment Fund has the scale necessary to gain access to that wider range of investment opportunities.

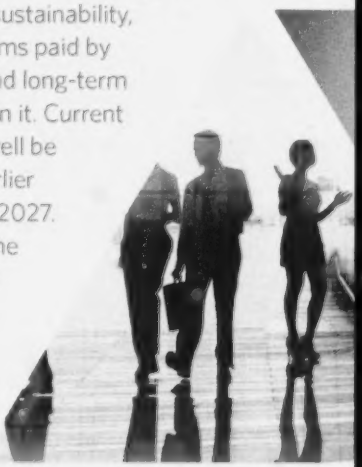
WSIB on track toward fiscal sustainability

In the late fall of 2015, the WSIB issued an Economic Statement detailing the rapidly improving state of the system's finances.

This good news is the result of significant reforms to the way the Board does business, enacted over the past several years. Chief among these was a focus on recovery and return to work, driven by clinical evidence that if injured workers got safely back on the job sooner, the risk of permanent impairments would be greatly reduced. This new approach was augmented by major investments in more timely and specialized health care, new technologies to speed claims processing and direct, on-site liaison between workers and their employers to facilitate workplace reintegration.

The results have been dramatic: Today, 92 per cent of injured workers return to work with no wage loss within 12 months. And the percentage of workers still on wage loss benefits after one year has fallen by half. Just as encouraging, these innovations have had a strongly positive effect on the WSIB's finances – as have higher investment returns and increases in premium revenues from correspondingly higher insurable earnings. For three straight years we have not had to increase employer premiums. After hitting a high of $14.2 billion in 2011, the UFL now stands at $7.0 billion. And a compound rate of growth in our Investment Fund has greatly strengthened our fiscal position thanks to more stable returns through increased asset diversification. All while maintaining benefits for injured workers – and achieving the best health and safety outcomes in Canada.

As we first announced in last fall's 2015 WSIB Economic Statement, our progress is accelerating at a faster pace than we anticipated. For example, legislation requires 60 per cent funding by 2017. That was achieved in 2013. In 2015, we were at 78 per cent funding, six years ahead of the 2022 requirement of 80 per cent. In short, we are fully on track toward financial sustainability, which could result in lower premiums paid by employers who fund the system and long-term security for workers who depend on it. Current trends suggest that the UFL may well be eliminated by 2022 – five years earlier than the legislated requirement of 2027. Once the burden of paying down the UFL is gone, there may well be the opportunity to reduce premiums so that they eventually consist only of new claims and



administrative costs. That could mean an estimated average premium rate of $1.40 to $1.50, instead of the current average $2.46 per $100 of payroll, which would make us among the lowest-cost jurisdictions in Canada. On current projections, we anticipate that reductions of between 10 and 15 per cent phased-in over a five year period, starting in 2017, may become possible. And all of this means that the WSIB would return over $2 billion annually to Ontario's economy.

A WSIB without the burden of the UFL is a WSIB with the freedom and flexibility to expand innovation. The opportunity exists to build on this momentum and become an even more customer service-driven organization, and to be recognized as a model for excellence. We are committed to continuing and completing this work, and are excited about the new possibilities that such progress will generate.

THE **RESULTS** HAVE BEEN **DRAMATIC**...

92%

OF INJURED WORKERS
RETURN TO WORK
WITH NO WAGE LOSS
WITHIN 12 MONTHS

UNFUNDED LIABILITY

THEN	NOW
2011	2015
$	$
14.2B	7.0B

The Rate Framework Modernization Initiative: Simplifying the rate setting process

The Rate Framework Modernization initiative will simplify the rate setting process for employers. The WSIB initiated a comprehensive review of its current classification structure, premium rate-setting process and experience rating programs. This review included a multi-phased Rate Framework Consultation led by Special Advisor Douglas Stanley. At the end of this consultation, Stanley recommended that the WSIB develop an integrated rate framework.

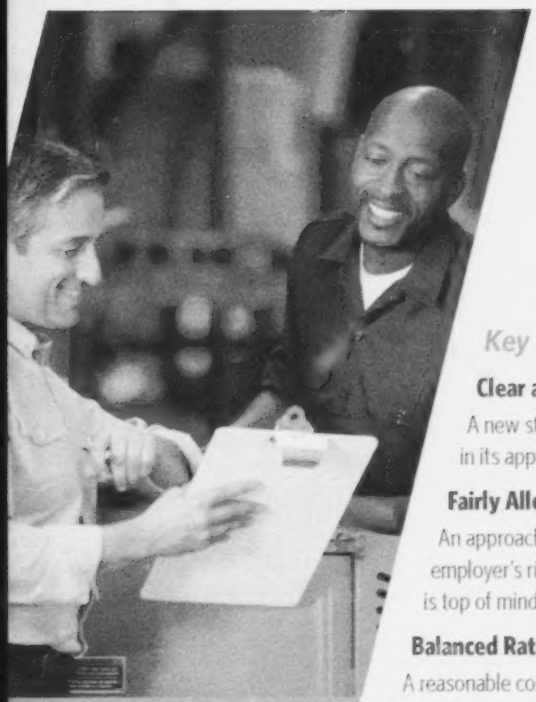
In March 2015, the WSIB shared its proposed Rate Framework Modernization Model with stakeholders. Throughout 2015, stakeholders were invited to take part in technical sessions to provide a detailed overview of the proposed preliminary rate framework and encourage stakeholders to submit their recommendations. To help stakeholders with their submissions, the WSIB facilitated more than 65 working group sessions, resulting in more than 50 consultation submissions from employers, employer associations and representatives, injured workers and labour groups.

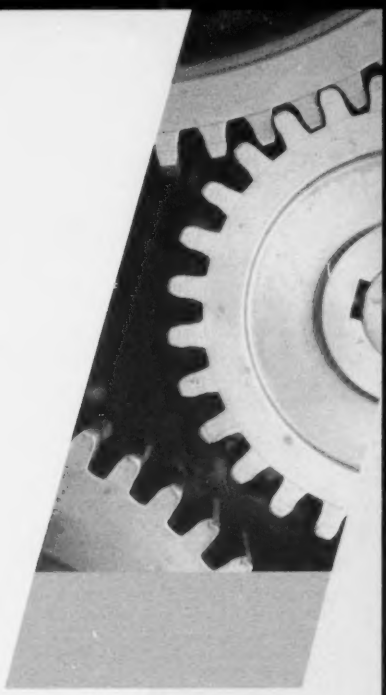
In December 2015, the WSIB invited stakeholders back for an update on the Rate Framework Modernization Consultation. It highlight an updated rate framework that incorporated a number of suggestions and recommendations made by stakeholders through the working group sessions and formal submissions.

In 2016, the WSIB will seek approval of the new rate framework from the Board of Directors, with a target implementation date of 2019.

The general feedback has been that the WSIB's updates demonstrated not only a responsiveness to stakeholders' input, but also a **concerted effort to revise the rate framework to achieve the best outcomes for the workers' compensation system.**

Through these efforts, the WSIB continuously strives to create a sustainable revenue model for its stakeholders.





Key Outcomes of a New Rate Framework

Clear and Consistent

A new streamlined and simpler classification structure that is clear and consistent in its application as a foundation.

Fairly Allocated Premiums

An approach that ensures a fair premium for workplace coverage, based on each employer's risk and claims experience, to ensure occupational health and safety is top of mind for employers as it relates to their premiums.

Balanced Rate Responsiveness

A reasonable consideration for premium rate stability, while also ensuring responsiveness to risk and claims experience, attained through occupational health and safety efforts to reduce workplace injuries and return workers to productive work.

Transparent and Understandable

A rate framework that stakeholders can easily understand and one that promotes active and informed participation.

Collective Liability

A risk-sharing arrangement exists among employers who collectively pay premiums to maintain the insurance fund.

Ease of Administration

Efficient and effective for the employer community and for the WSIB to administer and maintain.

Enterprise Risk Management ensures trust and confidence in the WSIB

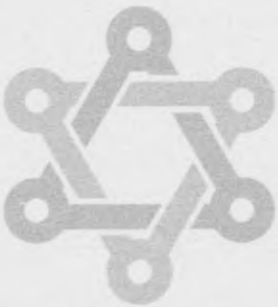
Discharging the mandate of the WSIB involves an element of risk. Accordingly, effective risk management is fundamental to the WSIB successfully achieving its strategic and operational objectives and to fulfilling its mandate in a sustainable manner.

The WSIB has established an enterprise risk management (ERM) framework that enables the identification and management of key risks to the organization's long term success. Through the program, risks are identified, assessed, managed and monitored, and reported upon. The program is designed in a manner to ensure risk-based decision-making becomes ingrained throughout the organization, which in turn leads to optimal decisions and better outcomes.

To help guide the organization's approach to risk management, in 2015, the WSIB Board of Directors approved the Corporate Risk Management Policy. The Policy sets out our principles and accountabilities for the management and oversight of enterprise risks. Our key risk management principles, set out below, set the tone for enterprise risk management.

ENTERPRISE RISK MANAGEMENT IS:

Part of decision-making	An integral part of all organizational processes	Dynamic, iterative and responsive to change
Strong ERM practices integrated into all levels of business, strategic planning and decision-making allow for more informed choices, prioritization and assessment of alternative courses of action.	Risk analysis and risk management are a part of regular management routines and an ongoing responsibility of all decision makers.	Risk management continually senses and responds to change. As external and internal events occur, context and knowledge change, monitoring and review of risks take place, and risks emerge, change and disappear.



Return-to-Work Programs: Making a difference in the lives of injured workers

Arden was born to farm and he loves what he does for a living – he operates a tractor on his family farm in Kynoch, just east of Sault Ste. Marie. In 2011, Arden's life turned upside down. While he was doing maintenance work on a round baler, a leather tab on his glove caught his arm in the equipment. The accident cost him his arm and nearly cost him his life.

Arden was determined to get back to operating his tractor. He wanted to get behind the wheel again because he needed his tractor to get the majority of his work done. Arden's WSIB work transition specialist assisted in outfitting him with a prosthetic arm and modifications were made to the tractor that he needed with a "Spinner Knob". This device has six radio frequency controls that attaches directly to the tractor's steering wheel. Each button is programmed to perform a different task, like lowering and lifting the three-point hitch on the tractor. Now Arden is back doing what he loves to do.

Before 2009, the likelihood of Arden returning to the cab of his tractor would have been quite slim, affecting both his and his family's well-being.

Arden was determined to get back to operating his tractor. He wanted to get behind the wheel again.

Today the WSIB makes it a priority to help workers safely return to work as soon as possible, employing a range of accommodations to do so. Previously, the WSIB's role in return-to-work activities was limited to passive oversight of external providers, and the results were consistently poor. Recognizing the need for change, the WSIB built and invested in an internal team to provide return-to-work services.

To date, the outcomes have been impressive. The prior outsourced service resulted in only a 36 per cent success rate in helping workers get back to work, at a cost of $168 million a year. In-sourcing this function by hiring 300 return-to-work staff has resulted in a success rate of 80.5 per cent in getting workers back to work at a cost of $72 million a year.

Today, our case managers, together with the worker, health-care providers and the employer, develop plans that combine innovative thinking and safe return to work outcomes. Our staff reach out to employers, often visiting the work site in person to verify that appropriate and safe modified work is made available to the worker whenever possible.

THE IMPACT OF **MODERNIZING** RTW PROGRAMS...

2009		2015
36%		80.5%
OF WORKERS **BACK TO WORK**		OF WORKERS **BACK TO WORK**
AT A COST OF		AT A COST OF
$168M		$72M
PER YEAR		**PER YEAR**

National Day of Mourning: Doing all we can to eliminate workplace injuries

The WSIB commemorated the National Day of Mourning in a ceremony held on April 28, 2015, with Threads of Life families, labour groups and employers and WSIB staff. They gathered together to honour workers who have died, been injured or suffered illness in the workplace.

Speakers included the Honourable Kathleen Wynne, Premier of Ontario; Elizabeth Witmer, WSIB Chair; the Honourable Kevin Flynn, Minister of Labour; and Patti Penny, mother of Luke Penny, who was killed at work in 2010.

In 2015, 233 people were killed in Ontario at work or died from an occupational disease. The ceremony honoured the many workers who suffered workplace injuries and occupational diseases or who lost their lives while on the job. Those in attendance were reminded of the terrible human, social and economic toll that workplace illnesses, injuries and fatalities can have on families, friends and communities.

That evening, the CN Tower was aglow in yellow, traditionally a colour of hope, as a visible tribute to the Day of Mourning. Numerous events to mark the day were held in communities across the province and country.

April 28 was chosen as the date for the National Day of Mourning in 1984, when the Canadian Labour Congress proclaimed the day to coincide with the 70th anniversary of the day the first Ontario Workers' Compensation Act was approved by the government. The Day of Mourning was enshrined in national legislation by an Act of Parliament on February 1, 1991.

"We remember and honour the many workers who have suffered workplace injuries, occupational diseases or lost their lives while on the job. We are reminded of the terrible human, social and economic toll that workplace illnesses, injuries and fatalities can have on families, friends and communities. We must reaffirm and rededicate ourselves to the task of doing all we can to eliminate workplace injuries, occupational diseases and fatalities, and make our workplaces healthy and safe."

Elizabeth Witmer,
Chair, WSIB

Engaging in health and safety conversation with youth: WSIB's #PracticeSafeWork social media campaign

In the summer of 2015, the WSIB gave young workers in Ontario an opportunity to showcase their health and safety knowledge through the #PracticeSafeWork Twitter Contest.

The social media campaign, the first of its kind for the WSIB, marked the beginning of an integral, ongoing conversation with young workers in Ontario about health and safety in the workplace.

The contest was open to young workers in Ontario between the ages of 15-24 and ran in both official languages. Participants were asked to submit images demonstrating safe workplace practices using the hash-tag #PracticeSafeWork. The contest successfully engaged a new keen audience and garnered more than 90 photo entries from youth across Ontario.

#PRACTICE SAFEWORK | wsib ONTARIO

The #PracticeSafeWork campaign was launched on the heels of the Ministry of Labour's annual young worker summer safety blitz. The WSIB and Ministry of Labour continue to join forces to make Ontario a safer place for young workers, noting that promotion of safe practices and job-site education for young workers is vital.

In addition to WSIB's efforts, the success of the #PracticeSafeWork campaign can also be attributed to the tremendous support of our stakeholders and health and safety partners who helped share the message via social media channels and by word-of-mouth. The campaign received accolades and positive social media mentions from more than 50 stakeholders. This campaign proved to be a great step in engaging with Ontario's next generation of industry leaders.

#PracticeSafeWork

> Young worker health and safety is everyone's business and educating young workers about health and safety in the workplace is critical to reducing and eliminating injuries and fatalities. We must keep raising awareness of the need to keep our workplaces healthy and safe.
>
> **Elizabeth Witmer,**
> Chair, WSIB

Board of Directors & Committees

The members of the WSIB Board of Directors have a diverse range of skills and understanding, reflecting their experiences across many business and industry sectors.

Elizabeth Witmer, Chair

May 17, 2012 - May 16, 2017

Elizabeth Witmer has a 35-year history of public service, first as a trustee and chair of the Waterloo County Board of Education, then Kitchener-Waterloo MPP from 1990 to 2012, and now, Chair of the WSIB. She is the longest serving female MPP in Ontario and served as Deputy Premier, Minister of Labour, Minister of Health and Long-Term Care, Minister of Environment and Minister of Education.

Her leadership and accomplishments have been acknowledged with many prestigious awards such as the Queen's Golden and Diamond Jubilee Medals, the Social Work Doctors Award for her strong commitment to a just and caring society, and the 2013 Kitchener-Waterloo Citizen of the Year Award for 30 years of outstanding public service. In 2014 Ms. Witmer became the first recipient of the Asthma Society of Canada Innovation in Public Policy Award for her role in beginning Ontario's coal phase-out.

Elizabeth is a graduate of the University of Western Ontario, Althouse College of Education and the Institute of Corporate Directors Rotman Program.

I. David Marshall, President & CEO

January 24, 2010 - January 29, 2016

Prior to joining the WSIB, I. David Marshall was the Canadian Ambassador to Barbados and the Eastern Caribbean. He is also a Fellow of the Certified General Accountants Association of Canada and served in several senior executive roles in the Government of Canada, consecutively as Assistant Auditor General for Canada; Assistant Deputy Minister at Revenue Canada, Customs and Excise; and Assistant Deputy Minister at Employment and Immigration Canada.

David has also served in senior positions in the telecommunications and banking industries including appointment as Vice Chairman of the Canadian Imperial Bank of Commerce from 1999 to 2002. In 2003 he returned to the federal government as Deputy Minister of Public Works and Government Services Canada and Deputy Receiver General for Canada.

Lynda Bowles

November 14, 2012 - November 13, 2016

Lynda Bowles, FCA, FCPA, retired in May 2012 after working as a senior audit and advisory partner of Deloitte & Touche LLP for over 33 years, where she specialized in audit, governance, quality reviews and financial advisory services. Currently, she is a director of West Park Health Care Centre, Technical Standards and Safety Authority, Cryptomills Technology Inc., and Maple Leaf Sports and Entertainment Foundation. Lynda also volunteers for the Canadian Executive Service Organization in Northern Canada working with the Inuit and First Nations.

Alice Dong

October 17, 2012 - October 16, 2018

A graduate of the University of Toronto, Dr. Alice Dong is an occupational health physician with professional expertise in the public and private sectors. Both Canadian and American Board certified, Dr. Dong has training and practical experience in health and safety, disability management and return to work.

She is past Chair of the Ontario Medical Association Committee on Work and Health, a former vice chair of the Governing Council of the University of Toronto and a former board member of Women's College Hospital. She is currently a medical consultant to Disability Management Services, RBC Insurance.

Michael Gallagher

March 26, 2014 - March 25, 2019

Michael Gallagher is the General Vice President, Executive Board, International Union of Operating Engineers and Business Manager for the International Union of Operating Engineers, Local 793. Currently, he is the Chair of the Operating Engineers, Training Trust Fund, and a trustee on Local 793's Pension Trust Fund and Life & Health Benefits Trust Fund.

Previously, he has served as President of the Construction Safety Association and Director of the Multi-Employer Benefit Council of Ontario. Michael has been awarded

the Queen's Golden Jubilee Medal, the Queen's Diamond Jubilee Medal and the Roy A. Phinnemore Award by the Infrastructure Health & Safety Association.

P. Morgan McCague

August 21, 2008 – August 12, 2016

P. Morgan McCague has over 40 years of experience establishing new investment operations and programs and has worked at a senior level with the Ontario Teachers' Pension Plan, the Alberta Teachers' Retirement Fund and various financial institutions.

Morgan is a graduate of the Institute of Corporate Directors, was a director of GCAN Insurance Company, and served as President of the Buy-Side Investment Management Association.

Lea M. Ray

December 3, 2008 – December 2, 2016

Lea M. Ray is a certified director (ICD.D) of the Institute of Corporate Directors at the Rotman School of Management, University of Toronto, and a Chartered Professional Accountant. She holds a Bachelor of Commerce degree from the Odette School of Business, University of Windsor.

Lea is currently a director of Tarion Warranty Corporation and Street Capital Financial Corporation. Her professional experience includes Warner Bros. Entertainment Canada Inc., a division of Time Warner, where she was employed for 18 years, most recently in the role of Vice President of Corporate Finance.

She has served on the Professional Conduct Committee of the Chartered Professional Accountants (Ontario) and as a board member and volunteer of several non-profit health, conservation and charitable institutions.

Sari Sairanen

September 24, 2008 – September 16, 2017

Sari Sairanen is the National Health and Safety Director at UNIFOR and came to the National Union from the Airline Division, which represents members from across Canada. Sari also sits on the Employment and Social Development Canada Occupational Health and Safety Advisory Committee, the Canadian Standards Association's Strategic Steering Committee, Canadian Centre for Occupational Health and Safety Board of Governors, and the Canadian Labour Congress' Occupational Health and Safety Committee.

Bryce Walker

January 23, 2013 – January 22, 2017

Bryce Walker brings with him a wealth of experience in health-care and education governance. He is currently Vice Chair of the Board of Trustees of the Healthcare of Ontario Pension Plan and past Chair of both Wilfrid Laurier University's Board of Governors and Grand River Hospital's Board of Directors.

Bryce's professional experience includes his role as Senior Vice President of Group Benefits for Manulife Financial, from which he has retired. He has a Bachelor of Math degree from the University of Waterloo, is a Fellow of the Canadian Institute of Actuaries, a Chartered Financial Analyst and holds an ICD.D designation from the Rotman School of Management, University of Toronto.

Scott Wilson

December 5, 2012 – December 4, 2016

Scott Wilson is Executive Director of the Kitchener-Waterloo-Cambridge Injured Workers Group. Scott is a licensed paralegal and for over 10 years, Scott has provided peer support and guidance to injured workers and has been an active contributor in identifying WSIB issues. A former glazier metal mechanic for over 20 years, he suffered a severe injury in 1999.

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Management's Responsibility for Financial Reporting

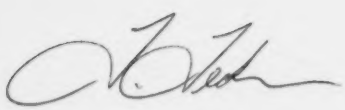
Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") and the consolidated financial statements have been prepared by management and approved by the Board of Directors of the Workplace Safety and Insurance Board (the "WSIB"). The consolidated financial statements were prepared in accordance with International Financial Reporting Standards ("IFRS") and, where appropriate, reflect management's best estimates and judgment. Where alternative accounting methods exist, management has chosen those methods considered most appropriate in the circumstances. Management is responsible for the accuracy, integrity and objectivity of the consolidated financial statements within reasonable limits of materiality of internal controls. Management is also responsible for the preparation and presentation of additional financial information included in the Annual Report and ensuring its consistency with the consolidated financial statements.

The Audit and Finance Committee of the Board of Directors meets with management as well as with the independent auditors to satisfy itself that management is properly discharging its financial reporting responsibilities and reviews the consolidated financial statements and the independent auditors' report. The Audit and Finance Committee also reports its findings to the Board of Directors for consideration in approving the WSIB's Annual Report and its submission to the Minister of Labour (the "Minister") pursuant to a Memorandum of Understanding between the Ministry of Labour (the "MoL") of the Province of Ontario (the "Province") and the WSIB.

In this MD&A, the "WSIB" or the words "our", "us" or "we" refer to the WSIB. This MD&A is dated as of the date below, and all amounts herein are denominated in millions of Canadian dollars, unless otherwise stated.

The information in this MD&A includes amounts based on informed judgments and estimates. Forward-looking statements contained in this discussion represent management's expectations, estimates and projections regarding future events based on information currently available, and involving assumptions, inherent risks and uncertainties. Readers are cautioned that actual results may differ materially from projections in cases in which future events and circumstances do not occur as expected.

The consolidated financial statements have been examined by the WSIB's independent auditors, Ernst & Young LLP, and their report is provided herein.



Thomas Teahen
President and Chief Executive Officer
April 21, 2016
Toronto, Ontario

Pamela Steer
Chief Financial Officer

Management's Discussion and Analysis

Table of Contents

Section	Page	Description
1. Year in Review	23	Highlights of our performance for the year ended December 31, 2015 compared to 2014.
2. Our Business	25	An overview of our business.
3. Our Strategy	29	A summary of our Strategic Plan.
4. Operating Results	30	A more detailed discussion of our financial performance for the year ended December 31, 2015 compared to 2014.
5. Financial Condition	39	A discussion of the significant changes in our December 31, 2015 consolidated statements of financial position.
6. Reconciliation of the Change in the Unfunded Liability	40	An explanation and discussion about the changes to the 2015 unfunded liability.
7. Summary of Quarterly Results	43	A summary view of our quarterly financial performance.
8. Liquidity and Capital Resources	44	A discussion of cash flow, liquidity, credit facilities and other arrangements.
9. Critical Accounting Estimates and Judgments	46	A description of the critical accounting estimates and judgments that affect the measurement and presentation within the consolidated financial statements.
10. Changes in Accounting Policies	47	A discussion of new and amended IFRS standards that are reflected in the consolidated financial statements.
11. Future Changes in Accounting Standards	47	A discussion of new and amended IFRS developments that will or may impact our consolidated financial statements.
12. Legal Contingencies	48	A discussion of our legal proceedings, claims and other legal contingencies.
13. Outlook for the year ending December 31, 2016	48	The outlook for our business for the year ending December 31, 2016.
14. Internal Control over Financial Reporting	49	A statement of responsibilities regarding internal control over financial reporting.
15. Risk Factors	49	A discussion of the more significant risk factors affecting our business.
16. Non-IFRS Financial Measure	55	A definition of our non-IFRS financial measure.
17. Related Party Transactions	55	A discussion of related party transactions and their relationship to our business.
18. Forward-looking Statements	56	Caution regarding forward-looking statements.

1. Year in Review

Highlights of our performance for the year ended December 31, 2015 compared to 2014.

The following MD&A should be read in conjunction with the audited consolidated financial statements and accompanying notes of the WSIB as at and for the year ended December 31, 2015 (the "consolidated financial statements").

Financial highlights for the year ended December 31, 2015 compared to the year ended December 31, 2014:

- In 2015, we generated $1,443 million of total comprehensive income reflecting continued strong operating performance resulting from growth in premium revenues and improved return to work outcomes resulting in lower benefit payments. For the fifth consecutive year, we generated positive cash flow in our business as our premium revenues exceeded our operating expenses, thereby allowing us to transfer $1,160 million of cash generated from operating activities to our investment fund in 2015.
- Premium revenues increased $180 million or 4.0% reflecting a 2.6% increase in insurable earnings due to strong growth in the construction, health care, manufacturing and services industries, net of $38 million of higher net mandatory employer incentive programs expense reflecting improved return to work outcomes.
- Net investment income decreased by $728 million from $1,927 million to $1,199 million. The gross rate of return on investments was 5.8% in 2015 compared to 10.3% in 2014. While we are pleased with the investment returns achieved, we caution readers that current investment returns are not a reflection of expected future performance and caution should be exercised in projecting investment income results into the future based on our current results. The return target on our investments over a rolling 10 to 15-year period has been reduced from 6.0% to 5.25% effective January 1, 2016.
- Benefit payments decreased $88 million or 3.6% reflecting 2,089 or 4.4% fewer prior year claims, including locked-in claims as well as 1,160 or 3.2% fewer current injury year claims compared to 2014.
- The actuarial valuation of benefit liabilities increased $1,030 million to $27,830 million reflecting a change in legislation and the strengthening of valuation assumptions and methodologies, partially offset by the continuation of favourable experience.
- Administration and other expenses, before allocation to benefit costs, increased $82 million or 11.7% reflecting $31 million of higher long-term employee benefit expenses due to a 70 basis point decrease in discount rates (from 4.7% to 4.0%), $14 million of higher bad debts expenses, $14 million of higher equipment and maintenance expenses reflecting infrastructure support costs, $12 million of higher salaries and short-term benefits expenses, and $11 million of higher other operating expenses.
- Other comprehensive income was $45 million primarily attributed to pension investment returns greater than expected.
- Our unfunded liability was $6,599 million as at December 31, 2015, a decrease of $1,291 million or 16.4% since December 31, 2014.

2015 Operational Results

Slight decrease in claim volume. Claim volume has come down in 2015 after experiencing a marginal increase for the first time in more than 10 years in 2014. Registered claims totaled 195,554 in 2014 compared to 192,168 in 2015, a decrease of 1.7%. Volume declined for both lost-time (1.6%) and no-lost-time (1.8%) claims compared to 2014. The decrease in lost-time claims, combined with an increase in insurable earnings, resulted in a lost-time injury rate of 0.87 for 2015, 5.4% lower than the previous year. The Province's lost-time injury rate is currently the lowest it has ever been and the best of any Canadian jurisdiction.

The numbers of registered lost-time claims decreased compared to prior year for all of the WSIB's largest industry sectors except for the health care and services sectors. Even for these two sectors, however, the increase in insurable earnings outweighed the increase in lost-time claims, resulting in improved lost-time injury rates compared to prior year for both sectors.

Claim durations continue to improve. In 2015, 91.8% of injured and ill workers returned to work at full pre-injury earnings within 12 months of their injury. Correspondingly, all short and long-term durations have improved or held steady compared to the levels of the prior year, which were already at historic lows. For instance, 3-month duration decreased slightly from 11.2% to 11.1% while 12-month duration decreased from 4.0% to 3.7% and 72-month duration decreased from 4.8% to 3.4% in 2015. The percentage of injured and ill workers who experienced a permanent impairment was up slightly compared to prior year's historic low, from 5.6% of claims in 2014 to 5.9% in 2015.

Contributing to improved durations is the WSIB's ongoing emphasis on an integrated approach to recovery and return to work, including specialized medical assessment and treatment services. In 2015, two in five claims (40.0%) received treatment through the WSIB's integrated healthcare programs such as our Specialty Clinics and Programs of Care, exceeding the 35.6% participation level of 2014. The WSIB's Work Transition ("WT") program also continues to yield positive results. Over 80% of injured and ill workers were employed upon completion of their WT plan in 2015, consistent with the 2014 result.

Reduced appeals inventory. The number of appeals received by the WSIB decreased by nearly one-fifth or 19% in 2015; 8,063 new appeals were received compared to 9,995 in 2014. The decrease in incoming appeals, together with ongoing timeliness of appeal resolutions, resulted in a 21% decrease in the inventory of active appeal cases, from 2,646 cases at the end of 2014 to 2,088 at the end of 2015.

In 2015, 87% of appeals were resolved within six months which was a decline from the 2014 level of 92% resolved within six months. The decline was anticipated as longer timelines were introduced as of mid-2014, allowing more time for appeal responses, thereby improving the effectiveness of the appeal process.

Customer service quality. In 2015, the WSIB continued to make investments in service quality and timeliness such as improving the look and clarity of Schedule 1 monthly statements, and the ongoing implementation of our new Accounts and Claims Enterprise System (known as ACES) that has, among other improvements, given WSIB staff faster access to employer information when assisting employers by phone.

Based on the results from the WSIB's quarterly customer satisfaction survey, which is run by a third-party research firm, overall satisfaction with the WSIB's service continued to be high among both injured workers (74% were satisfied in the fourth quarter of 2015) and employers (85% were satisfied in the fourth quarter of 2015). An even higher proportion of employers, 88%, were satisfied with the way their accounts were managed by the WSIB, consistent with the 2014 satisfaction level.

Eligibility decisions on claims continue to be timely; 92.4% of the decisions were made within two weeks in 2015. While the WSIB experienced a slight decrease from 2014 (93.3% of decisions within two weeks in 2014), the 2015 result was well above the WSIB's 90% target.

Notable item

On April 5, 2016, Bill 163, *Supporting Ontario's First Responders Act (Posttraumatic Stress Disorder), 2016* ("Bill 163") was passed by the Legislature. This amends the *Workplace Safety and Insurance Act, 1997* (the "WSIA") with respect to first responders diagnosed with posttraumatic stress disorder ("PTSD"). The amendments provide that if a first responder is diagnosed with PTSD and meets specific employment and diagnostic criteria, that first responder's PTSD is presumed to have arisen out of and in the course of his or her employment, unless the contrary is shown. In specific circumstances, the presumption will apply to first responders diagnosed with PTSD up to 24 months before the coming-in-force date, as well as those claims for which a decision is pending from either the WSIB or the Workplace Safety and Insurance Appeals Tribunal (the "WSIAT") on the date the legislation comes into force. The estimated impact of this legislative amendment will be reflected in the First Quarter 2016 Report to Stakeholders.

2. Our Business

An overview of our business.

Our mandate

The WSIB, a trust agency of the Government of Ontario (as classified in the Agency and Appointments Directive), is legislated to administer the Province's no-fault workplace compensation system under the WSIA. We administer the system with revenues collected through employer premiums, and to a lesser degree, income earned on our investments. The Province does not provide us with any funding.

For workers, we help them get back to what matters – productive lives and work – by supporting them in their recovery and return to work and compensating their wage loss, if required. Permanently injured workers who cannot return to their pre-injury employer are offered services to help them reintegrate into the workforce. In the event of a workplace fatality, the WSIB provides compensation and other benefits to the surviving spouse and dependents.

For employers, we provide collective liability insurance coverage and efficient account and claim management services, making it easy for them to focus on their business.

The collective liability and no-fault system provides stable costs and security of benefits that avoid costly and time-consuming litigation.

For both workers and employers, we support the promotion of workplace health and safety.

How we derive our income

Revenues to fund the operation of the WSIB and delivery of benefits and services are derived through premium revenues and investment returns.

Premiums

The WSIB collects premiums from employers classified under Schedule 1 of the WSIA and administration fees from the employers listed in Schedule 2 of *Ontario Regulation 175/98*. Over 70% of the Province's labour force is covered by the WSIB under either Schedule 1 or Schedule 2.

Schedule 1 employers contribute to the collective liability insurance fund. There are approximately 300,000 Schedule 1 firms, each assigned to one or more of 155 rate groups according to the nature of their business. The premium rate for each rate group reflects costs associated with benefits, administration and legislative obligations and past claims costs, including a charge to retire the unfunded liability for that rate group. Employer premiums may also be adjusted as a result of mandatory and voluntary incentive programs.

Mandatory employer incentive programs reduce or raise premiums paid by a firm based on their claims experience. Firms with over $1,000 but less than $25,000 in average annual premiums are assigned to the Merit Adjusted Premium plan. Firms that pay $25,000 or more are assigned to the New Experimental Experience Rating ("NEER") program or, if in the construction industry, the Council Amended Draft #7 program.

In addition, an employer's experience rating costs may be reduced with the application of Second Injury Entitlement Fund ("SIEF") relief. SIEF relief for all or some of the claims costs is applied to employer accounts in cases where the cause or duration of an injury was affected by a prior disability or pre-existing condition.

Schedule 2 employers are individually responsible for the full cost of their respective claims. Schedule 2 employers include federal and provincial governments and their agencies, municipalities and school boards, and other enterprises such as major railways with operations in the Province. Schedule 2 employers reimburse the WSIB for the costs of their claims plus a fee to cover overhead and administrative costs and, in the case of provincially-regulated employers, legislative obligations.

Investments

Our governance process

We invest the portion of premiums collected but not required to be paid to or on behalf of injured workers in the current year or to fund current operating expenses. As at December 31, 2015, we held $26.3 billion in investments to fund all future benefits including the WSIB employee pension benefit obligations. Our investment strategy for these funds involves a prudent balance of income generation and capital appreciation until the funds are required to pay benefits for injured workers.

The following is a summary of our investment governance process:

- Our governance framework operates in accordance with best practices for good governance. Investment decisions that have the most impact on investment outcomes remain at the Board of Directors level. These decisions include our investment beliefs, establishing our overall governance framework, and approving our Statements of Investment Policies and Procedures ("SIPPs"). With appropriate reporting and oversight, the Board of Directors delegates certain investment decisions to our Investment Committee and our senior management. The Investment Committee is appointed by the Board of Directors and consists of Board members and external advisers who have the requisite degree of financial expertise with sufficient knowledge and skill to advise on the development and implementation of our investment strategy.
- WSIB's SIPPs require that a detailed review of the benefit liabilities and capital market assumptions be conducted no less frequently than every four years. This is to ensure that the policy asset mix and other provisions of the SIPP remain relevant to the current and forecasted nature of the liabilities. The Strategic Investment Plan ("SIP") review and asset/liability study inform policy changes including changes to the SIPPs.
- The Investment Committee approves operational investment policies as well as the hiring of investment agents. Within well-defined investment mandates, security selection or manager selection decisions are delegated to external managers consistent with our belief that external investment management is most compatible with our objectives. Our investment program is executed and monitored by senior staff members under the direction of our Chief Investment Officer, President and Chief Executive Officer, the Investment Committee and, ultimately, our Board of Directors.
- Risk is inherent in each element of the investment decision making process. Hence, risk measurement is an integral component of our governance program. We believe the most significant risks to which we are exposed include credit, liquidity and various market risks. A discussion of our investment risks and mitigating strategies is contained in Section 15 – Risk Factors in this MD&A and in note 8 – Financial Risk Management in our consolidated financial statements. We use various financial and non-financial methods to assess, measure and monitor risk, including an investment risk measurement system.

What we invest in

We invest in a wide range of assets to provide a target level of investment return over the long term given the level of risk we are prepared to assume. The investment strategies we invest in include:

- ***Fixed income.*** Our fixed income portfolio includes bonds, debentures, and other fixed income investments. Our government and corporate bond portfolios are designed to track the performance of their respective Canadian bond indices. Bonds provide safety, diversification and liquidity, particularly when economic conditions are weak, or when market or economic shocks precipitate a flight to lower risk investments.
- ***Public equities.*** We invest in a diversified portfolio of domestic and international equities, or securities convertible into equity, to provide broad equity market exposure. Public equities are expected to provide higher investment returns than other asset classes over the long run, but exhibit a large degree of variability in investment returns from year to year.

- ***Multi-Asset.*** Our multi-asset portfolio consists of equities, bonds, commodities and other derivative instruments that utilize a broad array of strategies to earn equity-like returns, with lower levels of volatility. These strategies tend to be more complex than traditional strategies, include leverage and require greater management oversight.
- ***Real Estate.*** We invest in real estate properties diversified across office, retail, industrial and mixed-use properties located throughout Canada and the United States. Real estate provides us with a predictable source of income and is expected to keep pace over time with inflation, both beneficial attributes.
- ***Infrastructure.*** Our infrastructure portfolio consists of assets which provide essential services and facilities, many of which operate with regulated or monopolistic market positions. Revenues are generated typically under long-term contracts which offer stable long-term cash flows. Similar to real estate, the long-term inflation sensitivity of infrastructure assets is a beneficial attribute for investors.

Benefit Costs

Types of benefit payments

A number of different benefits are administered by the WSIB in accordance with the WSIA and predecessor legislation, the *Workers' Compensation Act*. These benefits relate to compensating wage loss, and providing for health care treatments and other benefits to injured and ill workers and survivors. Each type of benefit is described in more detail below:

- Loss of earnings benefits compensate injured workers for earnings lost due to a work-related injury or illness occurring subsequent to 1997, starting the day after the injury or illness occurred. The benefit rate is based on 85% of the worker's pre-injury net average earnings, subject to legislated minimum and maximum amounts of compensation.
- Non-economic loss or NEL benefits represent compensation to a worker who suffers a permanent impairment as a result of an injury. Benefits are based on the severity of the permanent impairment. Non-economic loss benefits recognize the physical, functional or psychological loss resulting from a permanent impairment, beyond wage loss.
- Health care costs are payments for professional services provided by health care practitioners, hospitals and health facilities as well as the cost of drugs that are required to facilitate recovery. In cases of serious injury, they may also include attendant services, home or vehicle modifications, assistive devices and prostheses, extraordinary transportation costs to obtain health care and other measures to improve the quality of an injured worker's life.
- External provider costs associated with our work reintegration program include payments to external agencies providing rehabilitation services, such as training programs to assist an injured worker's return to work and the costs of work transition assessments and plans. They are incurred when accommodations with the pre-injury employer are not available.
- Loss of retirement income benefits contributions are payable on behalf of an injured worker who has received loss of earnings benefits for 12 continuous months or future economic loss benefits and was under the age of 64 at the date of injury. At age 65, the injured worker receives a benefit from contributions made to their Loss of Retirement Income account plus any investment income earned.
- Survivor pensions represent monthly benefits provided to the spouse, dependent children and other dependents of a worker whose death was the result of a workplace injury or occupational disease.
- Future economic loss or FEL benefits compensate workers injured after January 1, 1990, and prior to January 1, 1998, who cannot restore their pre-injury earnings as a result of a permanent impairment or temporary disability for 12 continuous months.
- Worker pensions represent pensions for injured workers suffering a workplace injury prior to January 1, 1990 based on the degree of the injured worker's disability.

Provision for claims

Benefit liabilities are established on a quarterly basis and represent the present value of the expected future cost to satisfy all claims occurring prior to but still outstanding as at the consolidated statement of financial position date. The liability consists of expected costs for reported claims, expected costs on outstanding claims that have been incurred but not yet been awarded, as well as increases in benefits resulting from deterioration of an existing injury, and a provision for future occupational disease claims.

Data and other factors that can influence the amount and timing of future payments are considered when calculating benefit liabilities. Some factors include historical trends, our governing legislation, as well as our policies, claims adjudication practices and appeal decisions. We also consider the development of future claim payment trends, which may be impacted by management actions, legislative changes, judicial decisions and economic conditions. Where possible, we apply multiple techniques to estimate the required benefits liability provision. This approach provides additional insight into the trends inherent in the claims data being used to project the future payments valued in the benefits liability. Between the reporting and final disposition of a claim, circumstances may change which may result in changes to the established liability. For example, changes in the provisions of the WSIA or medical costs could substantially affect the ultimate cost of a claim. Accordingly, we review and re-evaluate claims and their impact on the estimate of the benefit liabilities on a regular basis.

Provisions made for future occupational diseases recognize that workers exposed to hazardous substances or conditions in their workplaces may develop occupational diseases after long latency periods. These provisions are significant and are expected to increase in future years due to increasing causal evidence and projected increases in benefit costs. Benefit costs will vary depending on the type and characteristics of the disease, and the timing and management of the claim. Given the inherent uncertainties, the eventual cost to satisfy outstanding claims can vary substantially from the initial estimates.

Administration and other expenses

Administration and other expenses include the expenses necessary to support our various business activities.

Legislated obligations and funding commitments

The WSIB is required to reimburse the Government of Ontario for the administration of the Occupational Health and Safety Act (the "OHSA") and various organizations including Health and Safety Associations, Workers' Health and Safety Centre, Occupational Health Clinics for Ontario Workers, the Office of the Worker Adviser, the Office of the Employer Adviser, and the WSIAT. On April 1, 2012, responsibility for funding and administering research grants focused on occupational health and safety was legally transferred to the MoL.

The WSIB has funded various grants for many years and launched a new program in 2015. The program was developed based on the new Grants Policy that was approved by the Board of Directors. The program is distinct from the MoL's initiatives given the focus on return to work and recovery rather than occupational health and safety. The first recipients under the new program will be announced in the fall of 2016.

Voluntary employer health and safety incentive programs are also available. The Safe Communities Incentive Program is a two-part small business training program that builds general awareness of workplace health and safety obligations and helps employers to build a health and safety program. Participants can receive a one-time 5% premium rebate for participating in each part of the program; however, not in the same calendar year.

The Safety Groups Program also awards a rebate of up to 6% of premiums to employers that successfully implement new return to work and health and safety elements, and reduce injuries and illnesses.

3. Our Strategy

A summary of our Strategic Plan.

The WSIB's *2016-2018 Strategic Plan* (the "Plan"), released in February 2016, provides a balanced and comprehensive approach towards ensuring better outcomes for workers and employers while eliminating the WSIB's unfunded liability. The new plan sets strategic goals to further the WSIB's progress into a modern, responsive and sustainable workplace compensation system.

The Plan was developed through careful analysis of our performance and financial results, operating environment, and feedback received through a series of conversations with internal and external stakeholders.

The Plan is divided into five strategic goals:

1. Promote health and safety in Ontario workplaces;
2. Achieve better return-to-work and recovery outcomes and administer benefits fairly;
3. Eliminate the unfunded liability and make Ontario's workers' compensation system financially sustainable;
4. Deliver service excellence, quality and care through innovation; and
5. Reach shared goals as a dedicated and collaborative team.

These new strategic goals are designed to promote further improvements in the WSIB's operational and financial results, which are monitored and published on a quarterly basis on the WSIB website.

The WSIB is embarking on our next strategic plan with a renewed confidence and a commitment to a more open and collaborative partnership with those we serve. Through these partnerships we will earn trust and build confidence in our system, which will further support our vision: ***To be the leading workplace compensation board.***

4. Operating Results

A more detailed discussion of our financial performance for the year ended December 31, 2015 compared to 2014.

This section provides a detailed discussion of our financial performance. Our consolidated financial statements have been prepared in accordance with IFRS. All amounts herein are in millions of Canadian dollars unless otherwise specified.

Financial highlights

The following table sets forth our annual operating results for the years ended December 31:

(millions of Canadian dollars)	2015	2014	Change $	Change %
Revenues				
Premiums	4,846	4,628	218	4.7
Net mandatory employer incentive programs	(162)	(124)	(38)	(30.6)
	4,684	4,504	180	4.0
Net investment income				
Investment income	1,338	2,042	(704)	(34.5)
Investment expenses	(139)	(115)	(24)	(20.9)
	1,199	1,927	(728)	(37.8)
	5,883	**6,431**	**(548)**	**(8.5)**
Expenses				
Benefit costs				
Benefit payments	2,332	2,420	(88)	(3.6)
Claim administration costs	398	363	35	9.6
Change in actuarial valuation of benefit liabilities	1,030	(160)	1,190	100+
	3,760	2,623	1,137	43.3
Loss of Retirement Income Fund contributions	56	59	(3)	(5.1)
Administration and other expenses	406	358	48	13.4
Legislated obligations and funding commitments	263	276	(13)	(4.7)
	4,485	3,316	1,169	35.3
Excess of revenues over expenses	**1,398**	**3,115**	**(1,717)**	**(55.1)**
Other comprehensive income (loss)				
Remeasurements of employee defined benefit plans	45	(296)	341	100+
Total comprehensive income	**1,443**	**2,819**	**(1,376)**	**(48.8)**
Total comprehensive income attributable to:				
WSIB stakeholders	1,291	2,577	(1,286)	(49.9)
Non-controlling interests	152	242	(90)	(37.2)
	1,443	**2,819**	**(1,376)**	**(48.8)**
Other measures				
Core Earnings[1]	1,229	1,028	201	19.6
Return on investments[2]	5.8%	10.3%	n/a	(4.5)
Unfunded liability[3, 4]	(6,599)	(7,890)	1,291	16.4
Unfunded liability – Sufficiency Ratio basis[4]	(6,984)	(8,697)	1,713	19.7
Sufficiency Ratio[4]	77.9%	71.6%	n/a	6.3

1. Core Earnings is calculated as total comprehensive income, excluding the impacts of net investment income, changes in actuarial valuations and any items that are considered as material and exceptional in nature. See Section 16 – Non-IFRS Financial Measure.
2. Return on investments is calculated as the change in the fair value of the total investment portfolio, taking into account capital contributions and withdrawals, prior to investment expenses.
3. Unfunded liability represents the deficiency of net assets attributable to WSIB stakeholders as at the end of the reporting period. The total deficiency of assets of $3,797 million as at December 31, 2015 (December 31, 2014 – $5,246 million) is allocated between the WSIB stakeholders and the non-controlling interests ("NCI") on the basis of their proportionate interests in the net assets of the WSIB. NCI represent the proportionate interest of the net assets and total comprehensive income of subsidiaries in which the WSIB directly or indirectly owns less than 100% interest. NCI of $2,802 million as at December 31, 2015 (December 31, 2014 – $2,644 million) excludes benefit liabilities since the holders of NCI, the WSIB Employees' Pension Plan and other investors are not liable for those obligations. The proportionate share of the total deficiency of assets attributable to WSIB stakeholders as at December 31, 2015 was $6,599 million (December 31, 2014 – $7,890 million) which includes benefit liabilities. Refer to the consolidated statements of financial position for further details.
4. Refer to Section 6 – Reconciliation of the change in the unfunded liability for further details.

Premiums

A summary of premiums for the years ended December 31 is as follows:

(millions of Canadian dollars)	2015	2014	Change $	Change %
Schedule 1 employer premiums				
Gross Schedule 1 premiums	4,723	4,514	209	4.6
Interest and penalties	52	47	5	10.6
Other income	1	1	-	-
	4,776	4,562	214	4.7
Schedule 2 employer administration fees	70	66	4	6.1
	4,846	4,628	218	4.7
Net mandatory employer incentive programs	(162)	(124)	(38)	(30.6)
	4,684	**4,504**	**180**	**4.0**

Gross premiums increased $209 million or 4.6% reflecting $119 million attributed to a 2.6% increase in insurable earnings as detailed below and $90 million or 2.0% attributed to the increase in the realized average premium rate collected from employers in 2015 due to a favourable shift in industry sector mix.

Net mandatory employer incentive programs increased due to higher refunds available under the retrospective experience-rating programs, principally the NEER program, reflecting favourable claims experience.

The following chart displays the different components of revenue for the years ended December 31, 2015 and 2014:

A comparison of employment, insurable earnings and gross premiums for the year ended December 31, 2015, along with the percentage change from the prior year is as follows:

	Employment[1]		Insurable Earnings		Gross Premiums		
(millions of Canadian dollars)	#	Change	$	Change	$	Change	% of total
Industry Sector							
Agriculture	62,156	9.6%	2,166	7.2%	88	6.7%	1.9%
Automotive	151,112	(0.2)%	7,508	3.0%	264	3.3%	5.6%
Construction	397,650	(0.9)%	20,053	2.3%	1,259	4.9%	26.6%
Education	150,880	3.9%	6,865	(1.1)%	27	(3.2)%	0.6%
Electrical	93,070	0.7%	5,447	- %	61	2.8%	1.3%
Food	131,306	1.1%	5,014	1.6%	146	2.6%	3.1%
Forestry	10,168	3.8%	452	8.5%	42	8.5%	0.9%
Health care	508,894	3.8%	24,100	4.3%	381	4.5%	8.1%
Manufacturing	969,225	3.7%	39,205	3.9%	696	3.8%	14.7%
Mining	30,308	(1.6)%	1,990	1.2%	137	1.9%	2.9%
Municipal	43,692	1.1%	2,178	2.2%	63	31.4%	1.3%
Primary metals	28,377	0.8%	1,654	(1.8)%	48	(1.9)%	1.0%
Process and chemicals	105,805	6.6%	4,630	2.6%	88	2.4%	1.9%
Pulp and paper	16,591	(1.9)%	749	1.7%	23	1.9%	0.5%
Services	1,605,835	3.1%	49,729	4.4%	823	4.7%	17.4%
Transportation	253,171	0.8%	10,472	2.8%	499	2.8%	10.6%
Total	**4,558,240**	**2.7%**	182,212	3.3%	4,645	4.3%	98.4%
Premiums accrued but not reported			1,240	(50.2)%	78	28.4%	1.6%
Total			**183,452**	**2.6%**	**4,723**	**4.6%**	**100.0%**

1. We derive employment levels based on reported insurable earnings divided by an estimated average wage for each industry sector.

Average premium rates

As communicated to employers in the fall of 2015, our average published premium rate increased from $2.48 per $100 of insurable earnings in 2014 to $2.57 per $100 of insurable earnings in 2015, reflecting the shift in WSIB's industry mix since 2014. This increase in average premium rates, along with several management initiatives such as our return to work efforts and improved health care strategy, allowed us to cover the costs of providing benefits to injured workers and the impact of inflation.

Net investment income

In 2015, we generated $1,199 million of net investment income compared to $1,927 million in 2014. Over 10 and 15 years, our investment returns prior to investment expenses were 6.0% and 5.5% per annum, respectively.

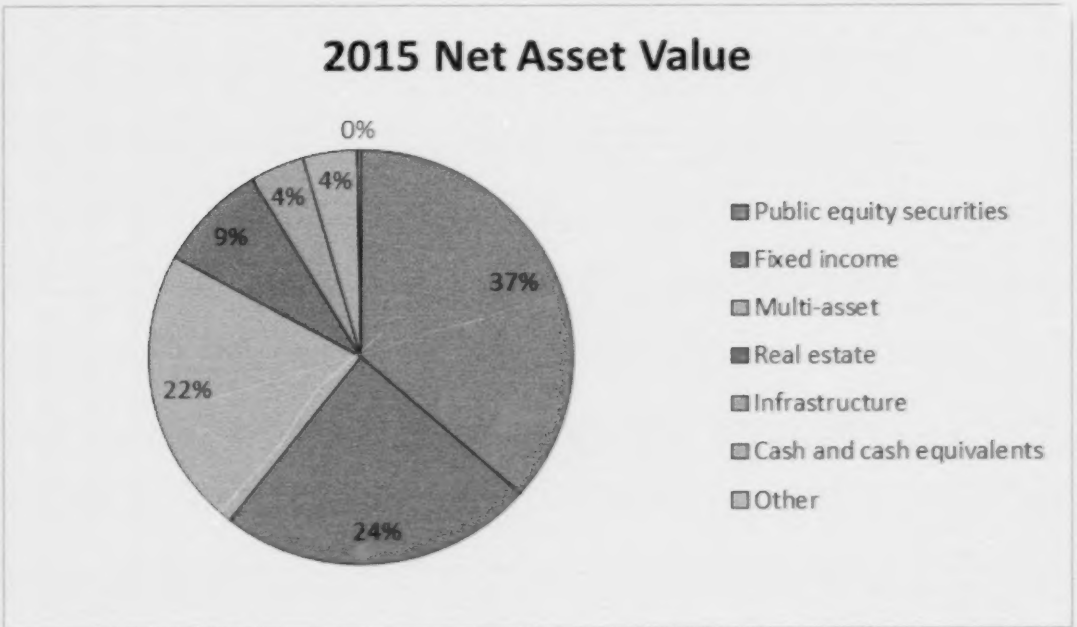
A summary of investment income, segmented by asset class for the years ended December 31, is as follows:

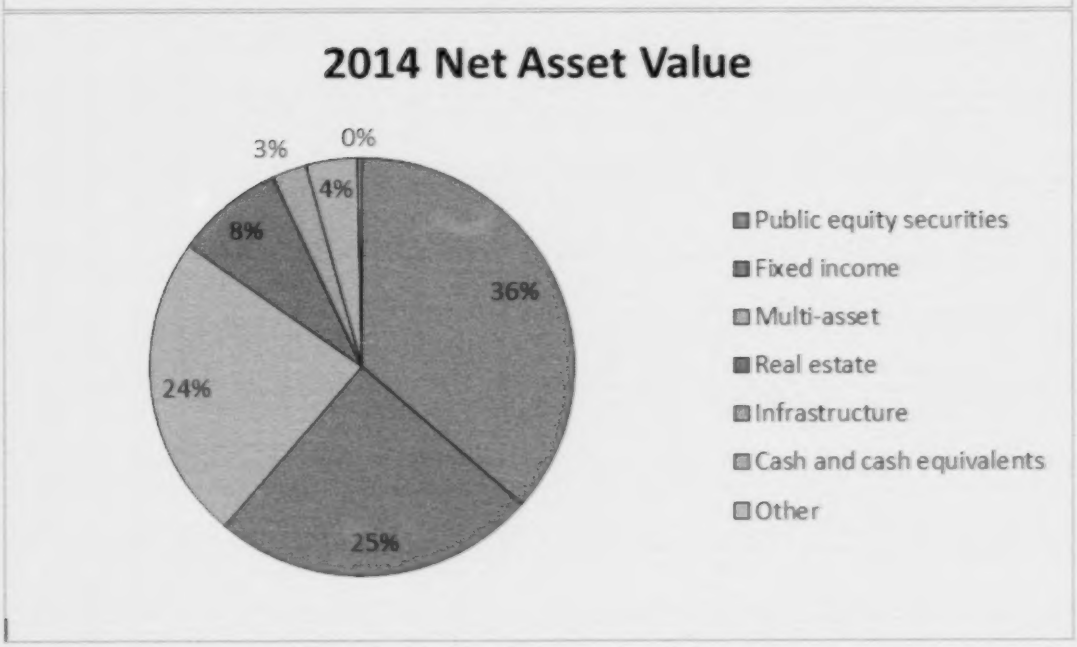
Asset Class	2015				2014			
(millions of Canadian dollars)	Investment income (loss)	Return %	Net asset value[1]	%	Investment income (loss)	Return %	Net asset value[1]	%
Public equity securities	856	10.0	9,594	36.4	908	11.9	8,653	36.5
Fixed income	213	3.7	6,353	24.2	450	9.1	5,886	24.8
Multi-asset	102	1.6	5,889	22.4	533	10.7	5,604	23.6
Real estate	74	4.3	2,212	8.4	105	6.1	1,967	8.3
Infrastructure	90	8.0	1,095	4.2	41	10.1	627	2.6
Cash and cash equivalents	3	0.7	1,086	4.1	5	-	929	3.9
Other	-	-	72	0.3	-	-	74	0.3
Investment income	1,338	5.8	26,301	100.0	2,042	10.3	23,740	100.0
Investment expenses	(139)				(115)			
Net investment income	**1,199**				**1,927**			

1. Total net asset value includes investment cash, investment receivables and payables, and investment derivatives.

Past performance may not be indicative of future results. Our financial performance is heavily reliant on the amount of investment income we are able to generate as each 1% rate of return on investments represents approximately $260 million of net investment income equating to $0.14 of premium per $100 of insurable earnings or 5.5% of annual premiums.

The following charts display the different components of net asset value for the years ended December 31, 2015 and 2014:





Benefit costs

Benefit costs consist of: (i) benefit payments to or on behalf of injured workers; (ii) claim administration costs, which represent an estimate of our administration costs necessary to support benefit programs; and (iii) the change in the actuarial valuation of our benefit liabilities, which represents an adjustment to the actuarially determined estimates for future claim costs existing at the dates of the consolidated statements of financial position. A summary of benefit costs for the years ended December 31 is as follows:

			Change	
(millions of Canadian dollars)	**2015**	**2014**	**$**	**%**
Benefit payments	2,332	2,420	(88)	(3.6)
Claim administration costs	398	363	35	9.6
Change in actuarial valuation of benefit liabilities	1,030	(160)	1,190	100+
Total benefit costs	**3,760**	**2,623**	**1,137**	**43.3**

Benefit payments

Benefit payments represent cash paid during the year to or on behalf of injured workers. Benefit payments are comprised of the following:

			Change	
(millions of Canadian dollars)	**2015**	**2014**	**$**	**%**
Loss of earnings	839	863	(24)	(2.8)
Workers' pensions	577	596	(19)	(3.2)
Health care	446	452	(6)	(1.3)
Future economic loss	213	230	(17)	(7.4)
Survivor benefits	189	184	5	2.7
External providers	34	44	(10)	(22.7)
Non-economic loss	43	48	(5)	(10.4)
Other	(9)	3	(12)	(100+)
Total benefit payments	**2,332**	**2,420**	**(88)**	**(3.6)**

A summary of the significant changes in benefit payments for 2015 is as follows:

- Loss of earnings benefits decreased primarily due to improved claims management through better recovery and return to work outcomes, reflecting 3,961 or 7.4% fewer non-locked-in claims as at December 31, 2015. The lost-time injury rate decreased by 5.4% to 0.87, which also contributed to the decrease in loss of earnings benefits.
- Workers' pensions decreased reflecting the natural reduction of claims due to mortality.
- Future economic loss benefits decreased reflecting the natural reduction in the number of claimants reaching age 65, the age at which these benefits cease. This program has been discontinued.
- Survivor benefits increased reflecting annual indexation, as well as the impact of approximately $2 million due to new legislation allowing coverage of firefighter presumptive occupational diseases.
- External providers expense decreased primarily due to fewer lost-time injuries and a more targeted approach to return to work.
- Other benefit costs decreased primarily due to lower overpayments and temporary supplements for claims prior to Bill 99.

Claim administration costs

Claim administration costs reflect the portions of administration and other expenses and legislated obligations and funding commitments expenses allocated to benefit costs.

Total claim administration cost was $398 million compared to $363 million in 2014, an increase of $35 million or 9.6%, primarily due to an increase in total administration and other expenses.

			Change	
(millions of Canadian dollars)	**2015**	**2014**	**$**	**%**
Allocation from administration and other expenses	378	344	34	9.9
Allocation from legislated obligations and funding commitments expenses	20	19	1	5.3
Total claim administration costs	**398**	**363**	**35**	**9.6**

Changes in actuarial valuation of benefit liabilities

Changes in actuarial valuation of benefit liabilities represent the change in the present value of future payments for loss of earnings and other disability benefits, health care, survivor, labour market re-entry and claim administration related to claims that occurred on or before December 31, 2015, and for occupational disease claims expected to arise in the future as a result of exposures which were incurred in the workplace on or before December 31, 2015 in respect of occupational diseases currently recognized by the WSIB.

			Change	
(millions of Canadian dollars)	**2015**	**2014**	**$**	**%**
Change in actuarial valuation of benefit liabilities	1,030	(160)	1,190	100+

Change in actuarial valuation of benefit liabilities increased reflecting a change in legislation and the strengthening of valuation assumptions and methodologies, partially offset by the continuation of favourable experience results. The change is detailed as follows:

(millions of Canadian dollars)	
Benefit liabilities as at December 31, 2014	**26,800**
Payments made in 2015 for prior injury years	(2,433)
Interest accretion[1]	1,211
Liabilities incurred for the 2015 injury year	1,420
Experience gains	(997)
Valuation assumptions and methodologies change[2]	881
Impact of legislative amendment[3]	948
Benefit liabilities as at December 31, 2015	**27,830**
Change in actuarial valuation of benefit liabilities	**1,030**

1. Accretion represents the estimated interest cost of the benefit liabilities, considering the discount rate, benefit liabilities at the beginning of the year and payments made during the year.
2. Change in valuation basis includes:
   a. Discount rate remaining the same at 4.75% for 2015 to 2017. For 2018 and thereafter, discount rate reduced by 50 basis points from 5.25% to 4.75%, an increase of $1,026 million;
   b. Updated loss of earnings assumption and methodology, including termination rates and lock-in profile, by using recent experience, a decrease of $154 million;
   c. New valuation methodology for valuing some future awards benefits, a decrease of $1 million;
   d. Refinement of methodology for a 4-year average award, an increase of $10 million.
3. On December 10, 2015, the Ontario government passed the *Budget Measures Act, 2015*, which amended *Chapter 38, Schedule 23, Sections 49, 50 and 51* under the WSIA. Effective January 1, 2018, the alternate and prescribed temporary indexing factors will be replaced by one indexing factor. The new indexing factor will be based on the percentage change over a 12-month period in the Consumer Price Index measured at the previous October and will be directly applied to the benefit amount. In the interim, *Ontario Regulation 454/09* prescribes temporary indexing factors of 0.5% for 2016 and 1.0% for 2017 with the current indexing methodology.

Administration and other expenses

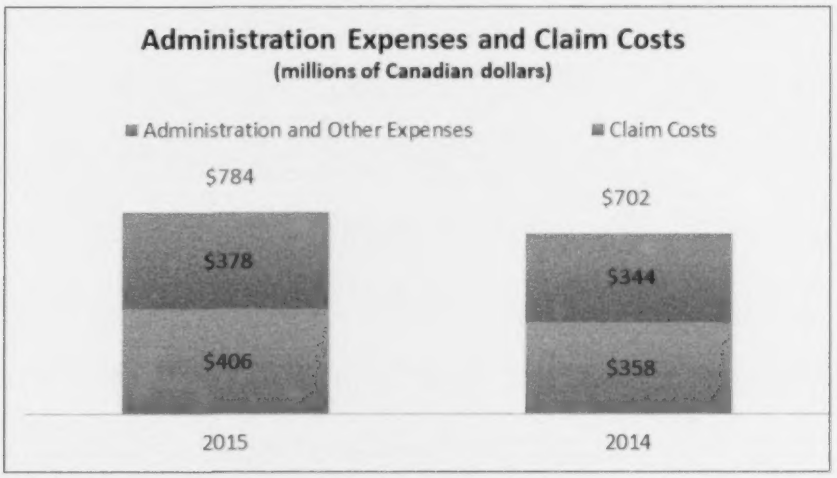
Administration and other expenses, before allocation to benefit costs, were $784 million, an increase of $82 million or 11.7%. A summary of changes in administration and other expenses for the years ended December 31 is as follows:

			Change	
(millions of Canadian dollars)	**2015**	**2014**	**$**	**%**
Salaries and short-term benefits	407	395	12	3.0
Long-term employee benefit plans	152	121	31	25.6
Bad debts	54	40	14	35.0
Communications	12	10	2	20.0
Depreciation and amortization	13	11	2	18.2
Equipment and maintenance	60	46	14	30.4
Facilities	38	40	(2)	(5.0)
Systems development and integration	5	5	-	-
Termination benefits	5	2	3	100.0+
Other	38	32	6	18.8
	784	702	82	11.7
Claim administration costs allocated to benefit costs	(378)	(344)	(34)	(9.9)
Total administration and other expenses	**406**	**358**	**48**	**13.4**

A summary of the significant changes in administration and other expenses, before allocation to benefit costs, for 2015 is as follows:

- Salaries and short-term benefits increased reflecting inflationary pressures and higher costs for temporary staff to support our business transformation efforts.
- Long-term employee benefit plans increased primarily due to a 70 basis point decrease (from 4.7% to 4.0%) in interest rates used to value our pension and other post-retirement obligations, which include life insurance, dental and extended health coverage.
- Bad debts increased reflecting a provision for bankruptcy proposals and an initiative to review chronically non-compliant accounts.
- Equipment and maintenance expenses increased reflecting higher infrastructure support costs primarily to support new systems development and integration expenses.
- Other expenses increased reflecting higher consulting and professional services costs primarily for enhanced warranty services to support new systems development.

The following chart displays administration and other expenses and claim costs for the years ended December 31, 2015 and 2014:



Legislated obligations and funding commitments expenses

A summary of legislated obligations and funding commitments expenses for the years ended December 31 is as follows:

			Change	
(millions of Canadian dollars)	**2015**	**2014**	**$**	**%**
Legislated obligations				
Occupational Health and Safety Act	96	96	-	-
Ministry of Labour Prevention Costs	110	110	-	-
	206	206	-	-
Workplace Safety and Insurance Appeals Tribunal	23	21	2	9.5
Workplace Safety and Insurance Advisory Program Administration	1	1	-	-
Office of the Worker Adviser	11	12	(1)	(8.3)
Office of the Employer Adviser	4	4	-	-
	39	38	1	2.6
Total legislated obligations	**245**	**244**	**1**	**0.4**
Funding commitments				
Grants	(2)	1	(3)	(100+)
Safety program rebates	40	50	(10)	(20.0)
Total funding commitments	**38**	**51**	**(13)**	**(25.5)**
	283	**295**	**(12)**	**(4.1)**
Claims administration costs allocated to benefit costs	(20)	(19)	(1)	(5.3)
Total legislated obligations and funding commitments	**263**	**276**	**(13)**	**(4.7)**

Legislated obligations and funding commitments expenses, before allocation to benefit costs, decreased $12 million or 4.1%, primarily reflecting lower safety program rebates.

5. Financial Condition

A discussion of the significant changes in our December 31, 2015 consolidated statements of financial position.

Changes in our consolidated statements of financial position are as follows:

(millions of Canadian dollars)	2015	2014	Change $	Change %	Commentary
Assets					
Cash and cash equivalents	1,581	1,473	108	7.3	Increase primarily reflects increase in cash held for investment purposes. Refer to the consolidated statements of cash flows for more details.
Receivables	1,614	1,511	103	6.8	Increase reflects higher investment receivables and higher accrued premiums offset by decrease in surcharges on experience ratings.
Public equity securities	10,055	9,136	919	10.1	Increases due to investment returns and transfers from Operations. Decrease in derivative assets reflects changes in our currency and futures positions within our Investment portfolio. Refer to Section 4 – Operating Results for details.
Bonds	6,756	6,307	449	7.1	
Derivative assets	68	158	(90)	(57.0)	
Other invested assets	7,947	6,960	987	14.2	
Property, equipment and intangible assets	284	234	50	21.4	Increase primarily due to implementation of new software system in intangible assets.
Liabilities					
Payables and accruals	1,077	1,186	(109)	(9.2)	Decrease in administration expenses payables and refunds on experience ratings.
Derivative liabilities	133	97	36	37.1	Increase reflects changes in our currency and futures positions within our Investment portfolio.
Long-term debt	116	52	64	100+	Increase primarily due to new mortgage on new investment property.
Loss of Retirement Income Fund liability	1,724	1,663	61	3.7	No significant changes.
Employee benefit plans liability	1,222	1,227	(5)	(0.4)	No significant changes.
Benefit liabilities	27,830	26,800	1,030	3.8	Increase reflects legislation and discount rate changes offset by better experience gains.
Unfunded liability	(6,599)	(7,890)	1,291	16.4	Changes reflect total comprehensive income attributable to WSIB stakeholders.
Unfunded liability - Sufficiency Ratio basis	(6,984)	(8,697)	1,713	19.7	Strengthening due to continued operating improvements resulting from growth in premium revenues and lower benefit payments. Refer to the Funding and Capital Management note in the consolidated financial statements for more information.
Sufficiency Ratio	77.9%	71.6%		6.3	

6. Reconciliation of the Change in the Unfunded Liability

An explanation and discussion about the changes to the 2015 unfunded liability.

Premiums charged to employers are designed to offset the expected claims and associated administrative costs for injuries occurring in the current fiscal year and to retire our unfunded liability ("UFL") in accordance with *Ontario Regulation 141/12*. Accordingly, we assess our financial results for both the current injury year to ensure we are funding all current year costs as well as those of prior injury years to ensure we are taking appropriate steps to retire our UFL in accordance with our statutory requirements.

Set forth below is a segmentation of our operating results between the "Current injury year" for 2015 and "Prior injury years".

(millions of Canadian dollars)	Total	Current injury year	Prior injury years
Revenues			
Premiums[1]	4,846	2,953	1,893
Net mandatory employer incentive programs[2]	(162)	-	(162)
	4,684	2,953	1,731
Net investment income[3]	1,199	56	1,143
	5,883	**3,009**	**2,874**
Expenses			
Benefit costs			
Benefit payments[4]	2,332	165	2,167
Claim administration costs[5]	398	188	210
Change in actuarial valuation of benefit liabilities[6]	1,030	1,420	(390)
	3,760	**1,773**	**1,987**
Loss of Retirement Income Fund contributions[7]	56	-	56
Administration and other expenses[8]	406	406	-
Legislated obligations and funding commitments[9]	263	263	-
	4,485	**2,442**	**2,043**
Remeasurements of employee defined benefit plans[10]	45	2	43
Total comprehensive income	**1,443**	**569**	**874**
Non-controlling Interests[11]	(152)	(7)	(145)
Total comprehensive income attributable to WSIB stakeholders	**1,291**	**562**	**729**

1. Calculated based on new claim and administration and other costs for the 2015 injury year.
2. Represents retrospective refunds arising from favourable experience for prior years.
3. The estimated current injury year's net investment income is calculated based on net cash flow reflecting premium revenues not required for benefit payments in the current injury year.
4. Determined based on injury year for each payment.
5. Current year claims administration costs are calculated by applying appropriate expense factors to actual claims cash flows for the 2015 injury year.
6. Determined based on opening and closing liabilities by injury year.
7. Payments relate to prior years as Loss of Retirement Income Fund contributions are only made once a worker has been injured and on benefits for more than one year.
8. Costs attributed solely for the current year.
9. Relates entirely to current year.
10. Relates primarily to prior injury years.
11. Same proportionate split as net investment income.

As noted above, premium revenues for the current injury year were sufficient to offset current year injury and administration costs. We believe this result reflects our disciplined approach to premium rate setting and strong oversight of benefits and administration cost management. In addition, as a result of favourable claims experience and investment returns, we were able to make demonstrable progress towards retiring the UFL.

Reconciliation of the unfunded liability on an IFRS basis

Set forth below is a reconciliation of the movement in the UFL in 2015 reflecting actuarial gains and losses as well as assumption and actuarial standard changes. A more detailed discussion of the actuarial gains and losses are contained in note 13 of the consolidated financial statements.

(millions of Canadian dollars)	
Unfunded liability as at December 31, 2014	**7,890**
Interest carrying charge on UFL[1]	375
Premium payment to reduce UFL	(1,893)
Expected UFL at December 31, 2015	6,372
Gain from investment return higher than expected[2]	(307)
Loss from remeasurements of employee benefit plans	102
Gains and losses on claims/operations	
Current year claims cost lower than expected	(720)
Net mandatory employer incentive programs	162
Prior year claims cost lower than expected	(946)
Net actual gains	(1,709)
Changes in assumptions for future cost on existing claims	
Changes in methods and assumptions for loss of earnings benefits	(154)
Changes in methodology for future awards	(1)
Changes in average awards	10
Changes in legislative indexation	948
Changes in discount rate	1,026
Net liability increase from assumption changes	1,829
Actuarial standard change	
Increased liability for occupational disease exposure	107
Unfunded liability as at December 31, 2015	**6,599**

1. The UFL represents the shortfall of current asset values from the discounted value of expected future payments in respect of injuries occurring in previous injury years. This shortfall represents an interest cost and must be taken into account in this reconciliation.
2. The expected investment return in 2015 was 4.75%. Investment experience, on an actuarial basis, was better than expected during 2015, leading to additional investment gains which also contributed to a reduction in the UFL.

As noted above, the UFL decreased $1,291 million in 2015 reflecting both strong operating performance and favourable claims experience relative to our long-term expectations. We continue to closely monitor these factors to ensure we achieve our legislated funding obligations.

Reconciliation of the unfunded liability on a Sufficiency Ratio basis

The Sufficiency Ratio is calculated by comparing total assets to total liabilities, with certain assets and liabilities measured on a different basis than that required under IFRS. For the purpose of the Sufficiency Ratio calculation, the amounts of total assets, as presented on the consolidated statements of financial position, are adjusted to reflect measurement on a going concern basis.

On a going concern basis, investment assets are valued at fair value adjusted for the unamortized gains or losses relative to the long-term expected rate of return on those assets, less the interests in those assets held by third parties (non-controlling interests). Investment gains and losses that differ from the long-term expected rate of return are amortized over a five-year period. The values of the obligations of the Employee Benefit Plans are determined through an actuarial valuation using the going concern basis, rather than the market basis.

As at December 31, 2015, the Sufficiency Ratio, as defined in *Ontario Regulation 141/12* and amended by *Ontario Regulation 338/13* (collectively, the "Ontario Regulations"), was 77.9% (December 31, 2014 – 71.6%). Set forth below is the reconciliation of the unfunded liability between the IFRS and Sufficiency Ratio basis:

(millions of Canadian dollars)	December 31 2015	December 31 2014
UFL attributable to WSIB stakeholders on an IFRS basis	6,599	7,890
Add/(Less): Adjustments per Ontario Regulations:		
Change in valuation of investment assets	981	1,407
Change in valuation of employees benefit plans liability	(465)	(417)
Change in valuation of investment assets attributable to non-controlling interests	(131)	(183)
UFL attributable to WSIB stakeholders on a Sufficiency Ratio basis	**6,984**	**8,697**
Sufficiency Ratio	**77.9%**	**71.6%**

7. Summary of Quarterly Results

A summary view of our quarterly financial performance.

Selected financial information for the eight consecutive quarters ended December 31, 2015 is as follows:

	2015				2014			
(millions of Canadian dollars)	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**
Net premiums	1,177	1,171	1,202	1,134	1,164	1,120	1,093	1,127
Net investment income (loss)	726	(528)	(308)	1,309	554	145	519	709
Benefit costs								
Benefit payments	591	574	575	592	610	586	612	612
Claim administration costs	102	99	98	99	68	100	93	102
Change in actuarial valuation of benefit liabilities	1,040	(65)	(7)	62	(153)	(216)	111	98
	1,733	608	666	753	525	470	816	812
Loss of Retirement Income Fund contributions	13	15	14	14	15	14	15	15
Administration and other expenses	120	87	115	84	131	68	84	75
Legislated obligations and funding commitments	61	62	66	74	56	72	72	76
Excess (deficiency) of revenues over expenses	(24)	(129)	33	1,518	991	641	625	858
Remeasurements of employee defined benefit plans (Other comprehensive income (loss))	(39)	15	193	(124)	34	(75)	(114)	(141)
Total comprehensive income (loss)	(63)	(114)	226	1,394	1,025	566	511	717
Total comprehensive income (loss) attributable to WSIB stakeholders	(148)	(57)	258	1,238	958	545	445	629
Other measures								
Core Earnings[1]	290	334	334	271	284	280	217	247
Return on investments (%)[2]	3.2	(2.1)	(1.2)	6.0	2.7	0.8	2.6	3.8
Unfunded liability[3, 4]	6,599	6,451	6,394	6,652	7,890	8,848	9,393	9,838
Unfunded liability – Sufficiency Ratio basis[4]	6,984	6,584	7,331	8,105	8,697	9,366	10,286	10,734

1. Core Earnings is calculated as total comprehensive income excluding the impacts of net investment income (loss), changes in actuarial valuations and any items that are considered as material and exceptional in nature. See Section 16 – Non-IFRS Financial Measure.
2. Return on investments is calculated as the change in the fair value of the total investment portfolio, taking into account capital contributions and withdrawals, prior to investment expenses. Does not equal annual figures due to rounding.
3. Unfunded liability represents the deficiency of net assets attributable to WSIB stakeholders as at the end of the reporting period. The total deficiency of assets of $3,797 million as at December 31, 2015 (December 31, 2014 – $5,246 million) is allocated between the WSIB stakeholders and the non-controlling interests ("NCI") on the basis of their proportionate interests in the net assets of the WSIB. NCI represent the proportionate interest of the net assets and total comprehensive income of subsidiaries in which the WSIB directly or indirectly owns less than 100% interest. NCI of $2,802 million as at December 31, 2015 (December 31, 2014 – $2,644 million) excludes benefit liabilities since the holders of NCI, the WSIB Employees' Pension Plan and other investors are not liable for those obligations. The proportionate share of the total deficiency of assets attributable to WSIB stakeholders as at December 31, 2015 was $6,599 million (December 31, 2014 – $7,890 million) which includes benefit liabilities. Refer to the consolidated statements of financial position for further details.
4. Refer to Section 6 – Reconciliation of the change in the unfunded liability for further details.

Notable items affecting our fourth quarter 2015 results compared to the fourth quarter 2014 results are as follows:

- Premiums were $1,177 million compared to $1,164 million, an increase of $13 million or 1.1%, reflecting a $32 million increase in gross premiums and $6 million increase in other items, offset by a $25 million increase in our mandatory employer incentive programs.
- Net investment income was $726 million representing a 3.2% return on investments compared to $554 million and a 2.7% return, an increase of $172 million primarily attributed to higher income from public equities.
- Benefit payments were $591 million compared to $610 million, a decrease of $19 million or 3.1%, reflecting improved recovery and return to work outcomes for injured workers.
- Claim administration costs were $102 million compared to $68 million, an increase of $34 million or 50.0% representing the allocations of administration and other expenses and legislated obligations and funding commitments expenses to benefit costs.
- The change in actuarial valuation of benefit liabilities increased $1,040 million compared to a decrease of $153 million, reflecting change in legislation and the strengthening of valuation assumptions and methodologies, partially offset by the continuation of favourable experience results.
- Administration and other expenses, before allocation to benefit costs, were $215 million compared to $180 million, an increase of $35 million or 19.4%, reflecting a $14 million increase in bad debts reflecting a provision for bankruptcy proposals and an initiative to review chronically non-compliant accounts, a $13 million increase attributed to higher long-term employee benefit plan expenses primarily due to a 70 basis point decrease (from 4.7% to 4.0%) in interest rates used to value our pension, a $3 million increase in salaries and short-term benefits primarily due to inflationary pressures, and a $5 million increase in other operating expenses.
- Legislated obligations and funding commitments, before allocation to benefit costs, were $68 million compared to $75 million, a decrease of $7 million or 9.3%, reflecting lower safety program rebates.

Our quarterly revenues and expenses are impacted by a number of trends and recurring factors such as seasonality as well as general economic and market conditions. Our premium revenues are also impacted by insurable earnings, which rise and fall with the employment levels in the industries we insure. Additionally, net investment income is influenced by global capital markets which experienced increased volatility in 2015. We anticipate the volatility in net investment income will continue into 2016.

Refer to Section 4 – Operating Results for a discussion of the current annual results.

8. Liquidity and Capital Resources

A discussion of cash flow, liquidity, credit facilities and other arrangements.

The purpose of liquidity management is to ensure there is sufficient cash to meet our financial commitments and obligations as they fall due. We believe we have the flexibility to obtain, from current cash holdings and ongoing operations, the funds needed to fulfill our cash requirements during the current financial period. We have three sources of funds: (i) premiums charged to employers; (ii) investment income; and (iii) cash and short-term investments.

Our funds are primarily used to satisfy benefit payments and operating expenses. As at December 31, 2015, we held $1,581 million of cash and cash equivalents of which $1,086 million was held for investing purposes, $287 million was held for operating purposes, and $208 million was held in our Loss of Retirement Income Fund on behalf of injured workers.

(millions of Canadian dollars)	2015	2014
Cash and cash equivalents, beginning of year	1,473	1,274
Cash provided by operating activities	1,223	1,024
Cash required by investing activities	(1,101)	(801)
Cash required by financing activities	(14)	(24)
Cash and cash equivalents, end of year	**1,581**	**1,473**

For the year ended December 31, 2015, cash provided by operating activities was $1,223 million compared to $1,024 million in 2014 reflecting continued improvements in operating performance. Cash required by investing activities was $1,101 million compared to $801 million in 2014 primarily reflecting an increase in the net purchases of investments, partially offset by a decrease in purchases of investment properties and joint ventures. Cash required by financing activities was $14 million compared to $24 million in 2014 mainly due to reductions in long-term debt repayments and interest paid.

Credit facilities

We maintain a $150 million unsecured line of credit with a commercial bank for general corporate purposes. As at December 31, 2015, we had not utilized any of this credit facility.

Commitments

(a) Operating leases

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

(millions of Canadian dollars)	Minimum lease payments
Not later than one year	15
Later than one year and not later than five years	31
Later than five years	25
	71

(b) Leases of investment properties

The WSIB is the lessor of a number of operating leases of its investment properties. These leases typically have a term of 3 to 15 years, with an option to renew. The future minimum lease payments to be received under non-cancellable operating leases are as follows:

(millions of Canadian dollars)	Minimum lease payments
Not later than one year	69
Later than one year and not later than five years	209
Later than five years	189
	467

(c) Investment commitments

The WSIB had the following commitments related to its investment portfolio:

(millions of Canadian dollars)	2015	2014
Real estate, multi-asset and infrastructure investments	1,322	948
Investments in joint ventures	110	127
Purchases or development of investment properties	7	8
	1,439	**1,083**

(d) Other commitments

At December 31, 2015, the WSIB has additional commitments going forward under non-cancellable contracts for purchases of goods and services with minimum future payments of approximately $126 million (2014 – $113 million).

9. Critical Accounting Estimates and Judgments

A description of the critical accounting estimates and judgments that affect the measurement and presentation within the consolidated financial statements.

The WSIB is required to apply judgment when making estimates and assumptions that affect the reported amounts recognized in the consolidated financial statements. These estimates have a direct effect on the measurement of transactions and balances recognized in the consolidated financial statements, and actual results could differ from those estimates. Estimates are reviewed on an ongoing basis, with any related revisions recorded in the period in which they are adjusted.

In addition, the WSIB has made judgments, aside from those that involve estimates, in the process of applying its accounting policies. These judgments can affect the amounts recognized in the consolidated financial statements.

Benefit liabilities

Benefit liabilities represent the actuarially determined present value of estimated future payments for reported and unreported claims incurred on or prior to the reporting date, including claims in respect of occupational diseases currently recognized by the WSIB. The measurement of benefit liabilities requires the actuary to make estimates and assumptions for a number of factors, including those for claim duration, mortality rates, wage escalation, general inflation and discount rates. Changes in these estimates and assumptions could have a significant impact on the measurement of benefit liabilities and benefit costs.

Employee benefit plans

The costs and liabilities associated with defined benefit pension plans and other long-term employee benefit plans are determined in accordance with actuarial valuations. The actuarial valuations rely on estimates and assumptions including those for wage escalation, expected return on plan assets, health care and dental cost inflation, retirement ages, life expectancies and discount rates. Changes in these estimates could have an impact on the employee benefit plans liability and total comprehensive income.

Fair value measurement of financial instruments

Where possible, the fair value of publicly traded financial instruments is based on quoted market prices. Where quoted market prices are not available, the fair value for financial instruments is based on valuation models that use observable market inputs such as interest rate yield curves. Valuation models incorporate prevailing market rates and may require estimates for economic risks and projected cash flows. Note 7 of the consolidated financial statements provides the estimated fair values of financial instruments categorized by the nature of the inputs used in the valuation techniques.

Fair value measurement of investment properties

The WSIB's investment properties are owned indirectly through subsidiaries or joint operations. Investment properties are re-measured to fair value at each reporting date, estimated based on the annual valuations performed by independent qualified appraisers. The annual third-party appraisals are performed at varying dates throughout the year; at each reporting date the fair value of investment properties is updated based on valuation models incorporating available market evidence. When estimating the fair value of investment properties, estimates and assumptions are made that have a significant effect on the reported values of investment properties. Estimates and assumptions used in determining the fair value of the investment properties include discount and terminal capitalization rates, inflation rates, vacancy rates and future net cash flows of the properties.

10. Changes in Accounting Policies

A discussion of new and amended IFRS standards that are reflected in the consolidated financial statements.

The WSIB did not change any accounting policies during 2015.

11. Future Changes in Accounting Standards

A discussion of new and amended IFRS developments that will or may impact our consolidated financial statements.

The following new or amended accounting standards have been issued by the International Accounting Standards Board ("IASB"). These new or amended standards are not yet effective and the WSIB has not completed its assessment of their impact on its consolidated financial statements.

IFRS 9 *Financial Instruments* ("IFRS 9")

In July 2014, the IASB issued IFRS 9 which will replace IAS 39 *Financial Instruments: Recognition and Measurement* ("IAS 39"). IFRS 9 will be effective for the WSIB beginning on January 1, 2018 on a retrospective basis.

IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or at fair value, replacing the multiple classifications in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The standard also includes guidance on the classification and measurement of financial liabilities, which largely carries forward the existing requirements in IAS 39.

The standard introduces a new single model for the measurement of impairment losses on all financial instruments subject to impairment accounting. The expected credit loss model replaces the current "incurred loss" model and is based on a forward looking approach.

IFRS 15 *Revenue from Contracts with Customers* ("IFRS 15")

IFRS 15 was issued in May 2014 and the effective date for the WSIB will be January 1, 2018, using either a full retrospective approach or a modified retrospective approach. The new standard, which replaces the existing standards for revenue recognition, establishes a framework for the recognition and measurement of revenues generated from contracts with customers, except for items such as financial instruments, insurance contracts and leases. The WSIB's revenues are mainly from financial instruments and insurance contracts and, consequently, are not in scope of IFRS 15.

Exposure drafts

(a) Insurance contracts

In June 2013, the IASB issued a revised exposure draft containing proposals for significant changes to the existing recognition, measurement, presentation and disclosure requirements for insurance contracts. The IASB continues to work on these proposals with the objective of finalizing a new standard to replace IFRS 4 *Insurance Contracts*. This is an important standard that is expected to have a significant effect on the WSIB's consolidated financial statements, primarily as it relates to the measurement of benefit liabilities.

(b) Other

The IASB regularly issues exposure drafts with proposals for new standards or amendments to existing standards. The WSIB's consolidated financial statements do not include disclosure of all exposure drafts issued by the IASB.

12. Legal Contingencies

A discussion of our legal proceedings, claims and other legal contingencies.

The WSIB is engaged in various legal proceedings and claims that have arisen in the ordinary course of business, the outcome of which is subject to future resolution. Based on information currently known to the WSIB, management believes the probable ultimate resolution of all existing legal proceedings and claims will not have a material effect on the WSIB's financial position.

The WSIB has provided formal written indemnities to its current and former directors to indemnify them, to the extent permitted by law, against any and all charges, costs, expenses, and amounts paid in settlement and damages incurred as a result of any lawsuit or any other judicial, administrative or investigative proceeding in which they are involved as a result of their services.

Additionally, the WSIB has purchased directors' and officers' liability insurance. The WSIB also indemnifies and provides legal representation to all its employees, former employees and persons engaged by the WSIB to conduct an examination, test, enquiry or other authorized function in legal proceedings arising out of alleged acts or omissions in the performance of their duties, provided the person has acted honestly and in good faith.

Also, in the normal course of operations, the WSIB may enter into contractual arrangements with external parties that involve promises to indemnify the other party under certain circumstances. As part of its investment function, the WSIB may also provide indemnification agreements to counterparties that would require the WSIB to compensate them for costs incurred as a result of changes in laws and regulations or as a result of litigation claims or statutory sanctions that may be suffered by the counterparty as a consequence of the transaction. The terms of these indemnification arrangements will vary.

13. Outlook for the year ending December 31, 2016

The outlook for our business for the year ending December 31, 2016.

The following contains forward-looking statements about the outlook for our business. Reference should be made to Section 18 – Forward-Looking Statements at the end of this MD&A. For a description of risk factors that could cause our actual results to differ materially from the forward-looking statements, please also see Section 15 – Risk Factors in this MD&A and note 8 – Financial Risk Management in our consolidated financial statements.

Premiums

Premium revenues are anticipated to increase modestly reflecting an assumed 1.2% increase in employment growth and a 1.3% increase in average wages, partially offset by $22 million of higher net mandatory employer incentive programs expense. While average premium rates in 2016 are anticipated to remain unchanged from the prior year, employers continue to contribute towards retiring the unfunded liability.

Net investment income

Net investment income is anticipated to reflect a 5.25% return on assets, consistent with our long-term planning assumption. We will continue to implement our SIP in a way that permits us to take advantage of investment opportunities without exposing us to a higher level of volatility and corresponding investment risk.

Benefit payments

Benefit payments are anticipated to be $2.3 billion in 2016, approximating the level of benefit payments in 2015. We caution readers that the level of benefit payments may rise in the event that new types of compensable claims are promulgated.

Administration and other expenses

Administration and other expenses are anticipated to increase in 2016 reflecting increases for information technology costs and higher new systems development and integration expenses as a result of our transformational efforts.

Legislated obligations and funding commitments

Legislated obligations and funding commitments are anticipated to be $300 million in 2016, an increase of $17 million or 6.0% reflecting an increase in safety program rebates.

Unfunded liability

We anticipate the unfunded liability will continue to decrease, based on current funding and benefit levels, and as measured under current accounting and actuarial standards as a result of continued operational excellence.

14. Internal Control over Financial Reporting

A statement of responsibilities regarding internal control over financial reporting.

Management is responsible for the accuracy, integrity and objectivity of the consolidated financial statements within reasonable limits of materiality. The WSIB's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with IFRS. Management is also responsible for the preparation and presentation of additional financial information included in the annual report and ensuring its consistency with the consolidated financial statements.

15. Risk Factors

A discussion of the more significant risk factors affecting our business.

Introduction

We face a number of different risks and uncertainties that expose us to possible losses. Set forth below are those risks and uncertainties that we currently believe to be material. They are not, however, the only risks and uncertainties we face. If any of these risks (or any other risks and uncertainties that we have not yet identified, or that we currently consider not to be material) actually occur or become material, our business prospects, financial condition, results of operations and cash flows could be adversely affected. The WSIB has implemented an Enterprise Risk Management program that monitors and reports to the Board on key enterprise risks regularly. While we employ a broad and diversified set of risk mitigation techniques, those techniques and the judgements that accompany their application cannot anticipate every outcome or the specifics and timing of such outcomes.

Below are the financial, operational, and regulatory risks we monitor and mitigate within our span of control.

Financial risks

Benefit liabilities determination and premium rates setting

The WSIB, as the trust agency for administering the Province's compensation system, must utilize prudent assumptions during the premium rates setting process to ensure that the provision of funds is adequate to cover all future costs for injuries arising in each injury year. Benefit liabilities, required to cover the ultimate benefits to be paid on reported and unreported claims, are calculated using sound actuarial practices to estimate costs based on a number of factors. (See Section 9 – Critical Accounting Estimates and Judgments).

Establishing an appropriate level of benefit liabilities is, therefore, an inherently uncertain process which presents a number of risks that could adversely affect our comprehensive income and financial condition.

The risks are predominantly related to:

- the failure to accurately make assumptions and assess the factors of claims costs which may result in setting premium rates that are inadequate to cover costs and contribute to the reduction of the unfunded liability; and
- unforeseen changes in the future claims experience could render our estimates inaccurate.

We mitigate these risks:

- by utilizing both proprietary and commercially available actuarial models and assessing historical loss development patterns;
- with regular, ongoing reviews and re-evaluation of claims and their impact on the estimate of the benefit liabilities;
- by engaging external actuaries to review actuarial assumptions and methodologies in establishing benefit liabilities and premium rates; and
- by reviewing actuarial related matters at regular meetings with our Actuarial Advisory Committee and Chief Statistician.

Investment risks

Our ability to meet our long-term obligations is dependent upon the sufficiency of our investment fund. Our primary investment risk is that investment returns, taken together with a reasonable and sustainable level of contributions, are insufficient to meet the long-term obligations for which the investment fund is established. This risk may result in the failure to meet the legislated Sufficiency Ratio requirements established in Ontario Regulations.

Our primary investment risk mitigation tool is the diversification of investment return sources as provided for in our SIPP, which is presented annually to the Board of Directors for their approval.

Liquidity risk

Liquidity risk is the risk that we will encounter difficulty in liquidating financial assets in order to fund obligations associated with financial liabilities.

We mitigate this risk by:

- investing the majority of our assets in readily marketable instruments (publicly traded equity and fixed income securities);
- maintaining a portion of our investments in short-term (less than one year) highly liquid money market securities, which are used to manage our operational requirements and fund investment-related obligations and commitments; and
- maintaining a $150 million unsecured credit facility, which we can utilize to manage our liquidity needs.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. We are exposed to several types of credit risks including:

- risk that our fixed income investments, consisting primarily of investment grade debt instruments, may become impaired;
- counterparty risk relating to our securities lending, foreign currency and diversified markets programs;
- credit loss due to Schedule 1 employers not settling their premiums receivable and Schedule 2 employers not reimbursing the WSIB for their respective claim costs; and

- the risk that the Canadian life insurance companies, that enter into annuity agreements with the WSIB to provide for fixed and recurring payments to claimants, may fail to fulfill their obligations.

We mitigate our credit risk by:

- reducing default risk by holding a diversified portfolio of debt instruments including a predominant component that is invested in government-issued bonds;
- adopting a pre-approved counterparty borrower list and through exposure limits for securities lending; by requiring daily marking-to-market to maintain full collateralization with an additional margin for safety; and receiving indemnities from the financial institution that operates the securities lending program;
- adopting an approved list of foreign currency and other financial instrument counterparties, credit rating limits, counterparty diversification and frequency of settlements; and
- holding collateral from some Schedule 2 employers in the form of letters of credit issued by highly rated Canadian financial institutions.

Market risk

There are three types of market risk to which we are exposed:

- currency risk is the risk of loss due to adverse movements in foreign currency rates relative to the Canadian dollar;
- interest rate risk is the potential for financial loss arising from changes in interest rates; and
- price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market.

We apply various measures to mitigate these risks:

- using foreign exchange contracts to hedge a portion of currency exchange rate risk associated with certain foreign investment holdings. Foreign exchange contracts are agreements to exchange an amount of one currency for another at a future date and at a set price, agreed upon at the contract inception;
- reviewing interest rate risk through periodic asset and liability analyses, which assess the impact of different interest rate scenarios on our assets and liabilities over a period of time. Interest rate risk is mitigated primarily through asset allocation, which aims to diversify the WSIB's exposure to the impact of changes in interest rate levels; and
- diversifying our investment portfolio in accordance with our investment policies to reduce the concentration of the portfolio. Diversification minimizes the impact of a change in price in any one particular issuer, a group of issuers, a geographic region, or a sector component of the market on the overall portfolio. Diversification ensures that the exposure of the investment portfolio to a group which shares similar characteristics such as type of industry and economic and political conditions, which may impact the issuers' ability to meet contractual commitments, is managed at a prudent level.

Operating risks

Economic conditions and labour market changes

Given the WSIB's mandate to deliver a no-fault insurance plan, funded predominantly by premium revenues, the WSIB is inherently subject to economic risks, which include:

- low or modest growth in the Province's employment levels, especially in covered industries, may result in not meeting premium revenue targets as well as limiting work transition opportunities;

- the growth in industries that are not required to have coverage under the WSIA may negatively impact the compensation system;
- the trend toward casual, part-time and temporary work may result in return to work challenges and, therefore, longer duration on benefits; and
- a growing number of older workers in the workforce. Older workers may have challenges with return to work.

We mitigate these risks by:

- coordinated asset-liability management processes including consideration of the impacts of economic and other risk factors on the funding position and desired level of funding;
- annual scenario planning and stress testing conducted as part of budget updates, sufficiency planning, rate setting and other financial modelling;
- continuous monitoring and researching of the job market for available, sustainable positions for injured workers ready to transition back to the job market; and
- strengthening our return to work and health care programs to support recovery and sustainable return to work.

Claims management

Operational performance is reflected in how efficiently and effectively cases are managed and how closely their outcomes meet operational objectives. A number of risks can impact negatively on performance including:

- any rise in the lost-time injury rate will result in an increased volume of incoming claims and increased pressure on front-line resources;
- unexpected sources, volume or complexity of claims may arise, potentially putting increased cost pressure on the system;
- the development and implementation of important initiatives will put strain on organizational capacity and performance as front-line staff and management assist in the development and transition to new systems and processes; and
- any delays in accessing timely health care treatment and return to work services would increase the potential for longer claim durations, development of permanent impairments and ultimately increased claims costs.

We mitigate these risks by:

- supporting the reduction of workplace injuries and illnesses through our participation on the Chief Prevention Officer's Prevention Council; the provision of data to aid in the identification of priorities, and the provision of funding for the administration of the OHSA and support of the Province's health and safety associations and research;
- monitoring injury/disease trends including scientific and professional literature for emerging or potential complex cases;
- regularly monitoring and prioritizing project and operational needs to maximize organizational capacity; and
- managing the quality and timeliness of services through a series of key performance measures and taking action when trending of results is not in line with expectations.

Business interruption

Our stakeholders rely on our ability to provide services and operate our systems, without interruption. Our continuity of business may be subject to a number of risks such as:

- unforeseeable and/or catastrophic events to resources or infrastructure, such as an infectious disease or a power failure, may abruptly interrupt business activities and result in losses that could be related to financial assets and key personnel;
- ongoing reliance on older system technology and inefficient back-up procedures to support core business activities that could result in impacts to our operations and in the potential service interruption or loss of critical information should those systems fail; and
- if our business continuity plans are inadequate, losses may increase further.

In order to mitigate the risks and maintain the integrity and continuity of our operations in the event of a crisis:

- we have an Enterprise Business Continuity Plan and Program in place to ensure we can continue to operate during business disruptions or emergencies;
- we continue to build replacement systems with planned robust recovery capabilities throughout the year 2016; and
- we have implemented a requirement within the architecture governance process to ensure disaster recovery requirements are included in the design for all new applications.

Our workforce and workplace

The WSIB may have difficulty attracting and retaining a workforce with the right capabilities to match the needs of the future workplace. Currently at the WSIB, 26% of all employees will be eligible to retire by 2019, 33% of whom are leaders. This presents a number of risks and challenges for the WSIB, mainly:

- a workforce that lacks the required skills or capabilities in sufficient capacity to deliver the goals of the organization; and
- high-potential talent is critical to delivering strategic priorities and will also be in high demand among organizations that compete for the same talent.

These risks are being mitigated through the delivery of a human resources strategy that includes:

- development of a strategic workforce planning process that ensures we are proactively planning for a future workforce with the requisite skills and competencies to deliver strategic and business plans;
- development of a rewards strategy and associated recommendations for aligned compensation, pension, and benefits programs;
- building organizational stability through succession management and leadership development by refreshing and expanding our programming, including a high-potential program pilot; and
- development of a strategy to integrate psychological health and safety into our current culture, promoting productivity and engagement, and reducing costs, risks and potential liabilities related to mental health.

Technology

Given the high volume of transactions processed daily, we are reliant on technology and third parties that provide certain key components of our business infrastructure such as voice and data communications and network access. This presents a number of risks for the WSIB, mainly:

- a security breach of our information systems could put sensitive data at risk, and result in reputational risk and potential liability given that they are used to maintain confidential information regarding our business, injured workers and employer firms; and

- failure of our technology and third-party systems could interrupt our operations and impact our ability to deliver services and benefits.

To mitigate these risks:

- we have taken steps to secure our facilities and infrastructure with a series of security protocols for accessing technology;
- we ensure that third parties are legally bound to the WSIB's standards and requirements for security of systems, privacy, and strict confidentiality of information through contractual protection;
- our staff have been provided training to ensure hardware and mobile devices are not compromised in the event they are stolen, lost or accessed without authorization;
- we have introduced a risk assessment process that will continuously assess and identify areas of focus and recommend remediation activities;
- we are refreshing IT Security Policies and are introducing an IT Security and Awareness Program to increase education and accountability for all staff;
- we are modernizing the IT Security Incident Management process to quickly identify and resolve issues; and
- the WSIB and third party providers have contingency plans for ensuring continued operations should any of their systems fail.

Regulatory, political and other influences

Our business is subject to changing legal, regulatory and other influences. Any amendments to the WSIA or other legislation could require the WSIB to make adjustments to its business processes. Changes may require the dedication of WSIB resources to implement new systems or processes. Further, political and stakeholder influences and competing interests may impact our ability to make timely changes to policy or operational programs and processes, or may introduce new changes not planned or contemplated by the WSIB.

We mitigate these risks by:

- engaging with the MoL to determine the potential impact to outcomes and capacity;
- accurately costing any legislative or regulatory changes to ensure that the impact of any change is fully understood;
- consulting with stakeholders as appropriate, such as for WSIB-initiated regulatory changes, as well as WSIB policy changes;
- ensuring that any changes to existing policies and programs are developed and implemented to align with our value propositions and organizational capabilities; and
- implementing an integrated compliance framework to proactively identify legislative changes and monitor ongoing compliance.

16. Non-IFRS Financial Measure

A definition of our non-IFRS financial measure.

Core Earnings

The WSIB utilizes "Core Earnings", a non-IFRS financial measure, to help stakeholders better understand our underlying operating performance. This measure is relevant to our operations management and offers a consistent methodology in evaluating our underlying performance. Core Earnings are defined as total comprehensive income excluding the impacts of investment income, changes in actuarial valuation and any items that are considered as material and exceptional in nature. This measure does not have any standard meaning prescribed by IFRS and is not necessarily comparable to similarly titled measures of other organizations.

Set forth below is the reconciliation of Core Earnings and total comprehensive income, the most directly comparable financial measure calculated and presented consistent with IFRS:

(millions of Canadian dollars)	2015	2014
Total comprehensive income for the year	1,443	2,819
Add/(Less): Net investment income	(1,199)	(1,927)
Add/(Less): Change in actuarial valuation of benefit liabilities	1,030	(160)
Add/(Less): Change in actuarial valuation of employee benefit plans	(45)	296
Core Earnings	**1,229**	**1,028**

17. Related Party Transactions

A discussion of related party transactions and their relationship to our business.

The WSIB is a trust agency of the Government of Ontario, responsible for administering the WSIA. As such, the WSIB is considered a government-related entity and is provided partial exemptions under IFRS from its disclosure of transactions with the Government of Ontario and its controlled ministries, agencies, and Crown corporations.

Pursuant to the WSIA, the WSIB is required to reimburse the Government of Ontario for all administrative costs of the OHSA. The WSIB is also required to fund costs associated with the MoL's prevention activities, the WSIAT and the offices of each of the Worker and Employer Adviser. These reimbursements and associated amounts charged to employers are determined and approved by the Minister. The WSIB also provides grant funding to carry on investigations, research and training. The total funding provided under these legislated obligations and funding commitments for the year ended December 31, 2015 was $243 million (2014 – $245 million).

The WSIB is required to reimburse the Ministry of Health and Long-Term Care ("MOHLTC") for physicians' fees for services to injured workers, as well as an administrative fee to the MOHLTC. Amounts paid to the MOHLTC for physicians' fees and administrative services for the year ended December 31, 2015 were $36 million (2014 – $37 million).

In addition to legislated obligations and workplace health and safety expenses, which the WSIB collectively presents in legislated obligations and funding commitments expense, the consolidated financial statements include amounts resulting from transactions conducted in the normal course of operations with various controlled ministries, agencies and Crown corporations of the Government of Ontario.

Included in investments are $1,515 million of marketable fixed income securities issued by the Government of Ontario and related entities (2014 – $1,394 million).

18. Forward-looking Statements

Caution regarding forward-looking statements.

This MD&A contains "forward-looking statements," within the meaning of applicable Canadian securities laws. Forward-looking statements can be identified by the use of words, such as "anticipates," or "believes," "budget," "estimates," "expects," or "is expected," "forecasts," "intends," "plans," "scheduled," or variations of such words and phrases or state that certain actions, events or results "could," "may," "might," "will," or "would," be taken, occur or be achieved. These forward-looking statements are based on current expectations and various assumptions and analyses made by us in light of our experience and our perceptions of historical trends, current conditions and expected future developments and other factors we believe are appropriate in the circumstances. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in our forward-looking statements.

These factors may cause our actual performance and financial results in future periods to differ materially from any estimates or projections of future performance or results expressed or implied by such forward-looking statements. Forward-looking statements do not take into account the effect that transactions or non-recurring or other special items announced or occurring after the statements are made have on our business. For example, they do not include the effect of asset impairments or other changes announced or occurring after the forward-looking statements are made. The financial impact of such transactions and non-recurring and other special items can be complex and necessarily depends on the facts particular to each of them.

We believe that the expectations represented by our forward-looking statements are reasonable, yet there can be no assurance that such expectations will prove to be correct. The purpose of the forward-looking statements is to provide the reader with a description of management's expectations regarding our anticipated financial performance and may not be appropriate for other purposes. Furthermore, unless otherwise stated, the forward-looking statements contained in this report are made as of the date of this report and we do not undertake any obligation to update publicly or to revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise unless required by applicable legislation or regulation. The forward-looking statements contained in this report are expressly qualified by this cautionary statement.

RESPONSIBILITY FOR FINANCIAL REPORTING

Role of Management

The accompanying consolidated financial statements are the responsibility of the management of the Workplace Safety and Insurance Board (the "WSIB") and have been prepared in accordance with International Financial Reporting Standards. The consolidated financial statements include amounts based on management's best estimates and judgments.

Management is responsible for the preparation and fair presentation of these consolidated financial statements and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors has established an Audit and Finance Committee to oversee that management fulfills these responsibilities. The Audit and Finance Committee meets periodically with management, internal auditors, and external auditors to oversee that their responsibilities are properly discharged with respect to the application of critical accounting policies, consolidated financial statement presentation, disclosures, and recommendations on internal controls.

Role of the Chief Actuary

With respect to the preparation of the consolidated financial statements, the Chief Actuary works with the WSIB actuarial staff to prepare a valuation, including the selection of appropriate assumptions applicable to the WSIB's benefit liabilities at the consolidated statements of financial position date to determine the valuation of benefit liabilities. Additionally, the Chief Actuary provides an opinion to the Board of Directors regarding the appropriateness of the benefit liabilities recorded by management of the WSIB at the date of the consolidated statements of financial position. The work to form that opinion includes an examination of the sufficiency and reliability of data and a review of the valuation processes. The Chief Actuary is responsible for assessing whether the assumptions and methods used for the valuation of the benefit liabilities are in accordance with accepted actuarial practice, applicable legislation, and associated regulations and directives. In performing the valuation of these liabilities, which are by their very nature inherently variable, the Chief Actuary makes assumptions as to future interest and mortality rates, expenses, related trends, and other contingencies, taking into consideration the circumstances of the WSIB. It is certain that the benefit liabilities will not develop exactly as projected and may, in fact, vary significantly from the projections. Further, the projections make no provision for future claim categories not sufficiently recognized in the claims experience and inventories. The Chief Actuary's report outlines the scope of the valuation and his opinion.

Role of the External Auditors

The external auditors, Ernst & Young LLP, working under the direction of the Auditor General of Ontario, have performed an independent and objective audit of the consolidated financial statements of the WSIB in accordance with Canadian generally accepted auditing standards. In carrying out their audit, the external auditors make use of the work of the Chief Actuary and his report on the benefit liabilities of the WSIB. The external auditors have full and unrestricted access to the Board of Directors and the Audit and Finance Committee to discuss audit, financial reporting, and related findings. The external auditors' report outlines the scope of their audit and their opinion on the consolidated financial statements of the WSIB.

Thomas Teahen
President and Chief Executive Officer
April 21, 2016
Toronto, Ontario

Pamela Steer
Chief Financial Officer

INDEPENDENT AUDITOR'S REPORT

To the Workplace Safety and Insurance Board,
The Minister of Labour and the Auditor General of Ontario

Pursuant to the Workplace Safety and Insurance Act, 1997 (Ontario), which provides that the accounts of the **Workplace Safety and Insurance Board** (the "WSIB") shall be audited by the Auditor General of Ontario or under his direction by an auditor appointed by the Lieutenant Governor in Council for that purpose, we have audited the accompanying consolidated financial statements of the WSIB, which comprise the consolidated statement of financial position as at December 31, 2015, the consolidated statements of comprehensive income, changes in deficiency of assets, and cash flows for the year then ended December 31, 2015, and the notes to the financial statements.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the WSIB as at December 31, 2015 and its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards.

Ernst & Young LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Canada
April 21, 2016

ACTUARIAL OPINION

On the Valuation of the Benefit Liabilities of the Workplace Safety and Insurance Board as at December 31, 2015

I have completed the actuarial valuation of the benefit liabilities of the Workplace Safety and Insurance Board (the "WSIB") for its consolidated statements of financial position as at December 31, 2015 (the "valuation date").

In my opinion, the benefit liabilities of $27,830 million make reasonable provision for future payments for loss of earnings, other short and long-term disability, health care, survivor and retirement income benefits with respect to claims which occurred on or before the valuation date, and for occupational disease claims expected to arise after the valuation date as a result of exposures incurred in the workplace on or before the valuation date in respect of occupational diseases with a long latency period that are recognized by the WSIB. This amount provides for future claim administration costs, but does not include a provision for claims related to workers of Schedule 2 employers.

The valuation was based on the provisions of the *Workplace Safety and Insurance Act, 1997* (Ontario), (the "WSIA") and on the WSIB's policies and administrative practices in effect at the time of the valuation. This includes the amendment to *Sections 49, 50 and 51* of the WSIA for the indexation of benefits described in note 13 to the consolidated financial statements.

The data on which the valuation is based were provided by the WSIB; I applied such checks of reasonableness of the data as I considered appropriate, and have concluded that the data are sufficiently reliable to permit a realistic valuation of the liabilities and are consistent with WSIB's consolidated financial statements. In my opinion, the data on which the valuation is based are sufficient and reliable for the purpose of the valuation.

The economic assumptions adopted for purposes of computing the liabilities have been selected taking account of the WSIB's strategic plan and investment policies. For this valuation, an annual discount rate of 4.75% (4.75% to 2017 and 5.25% thereafter for the previous valuation) was used to discount expected payments. Other economic assumptions underlying the calculations include annual changes in the Consumer Price Index (CPI) of 2.0% (unchanged from the previous valuation), amounts subject to partial indexing to increase at 0.5%, 1.0% and 2.0% annually for 2016, 2017 and 2018 and later, health care costs and wage annual escalation rates of 4.0% (unchanged from the previous valuation) and 3.0% (unchanged from the previous valuation) respectively. In my opinion, the assumptions are appropriate for the purpose of the valuation.

The methods and assumptions employed in the valuation were consistent with those used in the previous valuation, after taking account of changes in claim patterns. Projections of future claim payments and awards have been made using factors developed from the WSIB's claims experience, mortality and other assumptions. In my opinion, the methods employed in the valuation are appropriate for the purpose of the valuation.

Changes to the actuarial basis, in addition to the discount rate mentioned above, include updates to continuance rates, locked-in profile assumption and the methodology for valuing some future awards benefits. Along with these updates, four years of experience were used in determining the future awards provision for several benefits such as rehabilitation and temporary compensation benefits (two years of experience was used for the previous valuation). The impact of the changes in actuarial assumptions and methods on the benefit liabilities is disclosed in note 13 to the consolidated financial statements.

Details of the data, actuarial assumptions, valuation methods and analysis of results are set out in my actuarial report as at the valuation date, of which this statement of opinion forms part.

In my opinion, the amount of the benefit liabilities makes appropriate provision for all personal injury compensation obligations and the consolidated financial statements fairly represent the results of the valuation. This report has been prepared, and my opinions given, in accordance with accepted actuarial practice in Canada.

Donald Blue, FSA, FCIA
Vice-President and Chief Actuary
Workplace Safety and Insurance Board
April 21, 2016
Toronto, Ontario

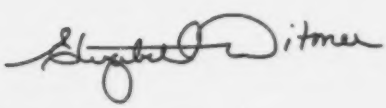
WORKPLACE SAFETY AND INSURANCE BOARD

Consolidated Statements of Financial Position
(millions of Canadian dollars)

	Note	December 31 2015	December 31 2014
Assets			
Cash and cash equivalents		1,581	1,473
Receivables	6	1,614	1,511
Public equity securities	7	10,055	9,136
Bonds	7	6,756	6,307
Derivative assets	7	68	158
Other invested assets	7	7,947	6,960
Property, equipment and intangible assets	9	284	234
Total assets		**28,305**	**25,779**
Liabilities			
Payables and accruals		1,077	1,186
Derivative liabilities	7	133	97
Long-term debt	10	116	52
Loss of Retirement Income Fund liability	11	1,724	1,663
Employee benefit plans liability	12	1,222	1,227
Benefit liabilities	13	27,830	26,800
Total liabilities		**32,102**	**31,025**
Deficiency of assets			
Unfunded liability attributable to WSIB stakeholders		(6,599)	(7,890)
Non-controlling interests	17	2,802	2,644
Total deficiency of assets		**(3,797)**	**(5,246)**
Total liabilities and deficiency of assets		**28,305**	**25,779**

Commitments and contingent liabilities (note 14)

Approved by the Board of Directors



Elizabeth Witmer
Chair
April 21, 2016

Lea Ray
Audit and Finance Committee (Chair)
April 21, 2016

The accompanying notes form an integral part of these consolidated financial statements.

WORKPLACE SAFETY AND INSURANCE BOARD

Consolidated Statements of Comprehensive Income
For the years ended December 31
(millions of Canadian dollars)

	Note	2015	2014
Revenues			
Premiums		4,846	4,628
Net mandatory employer incentive programs		(162)	(124)
		4,684	4,504
Net investment income			
Investment income	7	1,338	2,042
Investment expenses	7	(139)	(115)
Total net investment income		1,199	1,927
Total revenues		**5,883**	**6,431**
Expenses			
Benefit costs			
Benefit payments	13	2,332	2,420
Claim administration costs	13	398	363
Change in actuarial valuation of benefit liabilities	13	1,030	(160)
		3,760	2,623
Loss of Retirement Income Fund contributions	11	56	59
Administration and other expenses		406	358
Legislated obligations and funding commitments		263	276
Total expenses		**4,485**	**3,316**
Excess of revenues over expenses		**1,398**	**3,115**
Other comprehensive income (loss)			
Remeasurements of employee defined benefit plans	12	45	(296)
Total comprehensive income		**1,443**	**2,819**

		2015	2014
Excess of revenues over expenses attributable to:			
WSIB stakeholders		1,246	2,873
Non-controlling interests	17	152	242
		1,398	**3,115**
Total comprehensive income attributable to:			
WSIB stakeholders		1,291	2,577
Non-controlling interests	17	152	242
		1,443	**2,819**

The accompanying notes form an integral part of these consolidated financial statements.

WORKPLACE SAFETY AND INSURANCE BOARD

Consolidated Statements of Changes in Deficiency of Assets
For the years ended December 31
(millions of Canadian dollars)

		Deficiency of assets		
	Note	Unfunded liability attributable to WSIB stakeholders	Non-controlling interests	Total
Balance at December 31, 2013		(10,467)	2,394	(8,073)
Excess of revenues over expenses		2,873	242	3,115
Remeasurements of employee defined benefit plans	12	(296)	-	(296)
Change in ownership share in investments	17	-	8	8
Balance at December 31, 2014		(7,890)	2,644	(5,246)
Excess of revenues over expenses		1,246	152	1,398
Remeasurements of employee defined benefit plans	12	45	-	45
Change in ownership share in investments	17	-	6	6
Balance at December 31, 2015		**(6,599)**	**2,802**	**(3,797)**

The accompanying notes form an integral part of these consolidated financial statements.

WORKPLACE SAFETY AND INSURANCE BOARD

Consolidated Statements of Cash Flows
For the years ended December 31
(millions of Canadian dollars)

	2015	2014
Operating activities:		
Total comprehensive income	1,443	2,819
Adjustments:		
Amortization of net premium on investments	3	3
Depreciation and amortization of property, equipment and intangible assets	16	14
Changes in fair value of investments	(822)	(1,589)
Changes in fair value of investment properties	24	(16)
Dividend income from public equity securities	(320)	(266)
Income from joint ventures	(32)	(35)
Interest income	(222)	(221)
Interest expense	9	13
Total comprehensive income after adjustments	99	722
Changes in non-cash balances related to operations:		
Receivables, excluding those related to investing activities	55	59
Payables and accruals, excluding those related to investing and financing activities	(17)	(29)
Loss of Retirement Income Fund liability	61	125
Employee benefit plans liability	(5)	307
Benefit liabilities	1,030	(160)
Total changes in non-cash balances related to operations	1,124	302
Net cash provided by operating activities	**1,223**	**1,024**
Investing activities:		
Dividends received from public equity securities and joint ventures	348	288
Interest received	222	219
Purchases of property, equipment and intangible assets	(66)	(88)
Purchases of investments	(10,844)	(10,069)
Proceeds on sales and maturities of investments	9,463	9,139
Net additions to investment properties	(191)	(216)
Acquisitions of joint ventures	(36)	(75)
Proceeds on dispositions of joint ventures	3	1
Net cash required by investing activities	**(1,101)**	**(801)**
Financing activities:		
Proceeds on dispositions of non-controlling interests	137	157
Distributions paid by subsidiaries to non-controlling interests	(131)	(149)
Net repayment of debt	(11)	(19)
Interest paid on debt	(9)	(13)
Net cash required by financing activities	**(14)**	**(24)**
Net increase in cash and cash equivalents	**108**	**199**
Cash and cash equivalents, beginning of year	1,473	1,274
Cash and cash equivalents, end of year	**1,581**	**1,473**

The accompanying notes form an integral part of these consolidated financial statements.

WORKPLACE SAFETY AND INSURANCE BOARD
Notes to Consolidated Financial Statements
December 31, 2015

Table of Contents

Note	Page
1. Nature of Operations	66
2. Statement of Compliance	66
3. Summary of Significant Accounting Policies	66
4. Critical Accounting Estimates and Judgments	72
5. Future Changes in Accounting Standards	73
6. Receivables	74
7. Invested Assets and Net Investment Income	74
8. Financial Risk Management	82
9. Property, Equipment and Intangible Assets	85
10. Long-term Debt	86
11. Loss of Retirement Income Fund Liability	87
12. Employee Benefit Plans	87
13. Benefit Liabilities and Benefit Costs	92
14. Commitments and Contingent Liabilities	100
15. Funding and Capital Management	102
16. Related Party Transactions	103
17. Interests In Other Entities	104

1. Nature of Operations

The Workplace Safety and Insurance Board (the "WSIB") is a statutory corporation created by an Act of the Ontario Legislature in 1914 and domiciled in the Province of Ontario (the "Province"). As a trust agency of the Government of Ontario (as classified in the Agency and Appointments Directive), the WSIB is responsible for administering the *Workplace Safety and Insurance Act, 1997* (Ontario) (the "WSIA"), which establishes a no-fault insurance scheme that provides benefits to workers who experience workplace injuries or illnesses.

The WSIB promotes workplace health and safety in the Province and provides a workplace compensation system for Ontario based employers and workers. The WSIB is funded entirely by employer premiums and does not receive any government funding or assistance. Revenues are also earned from a diversified investment portfolio held to meet future obligations on existing claims.

The WSIB's registered office is located at 200 Front Street West, Toronto, Ontario, M5V 3J1.

2. Statement of Compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

The consolidated financial statements as at and for the year ended December 31, 2015 were authorized for issuance by the WSIB's Board of Directors on April 21, 2016.

3. Summary of Significant Accounting Policies

Basis of presentation

The consolidated financial statements have been prepared on the historical cost basis, except for the following items:

(a) financial instruments classified as at fair value through profit or loss, which are measured at fair value;

(b) investment properties, which are measured at fair value; and

(c) liabilities for employee defined benefit plans, which are measured as the present value of the defined benefit obligations less the fair value of plan assets.

Basis of consolidation

(a) Subsidiaries

Subsidiaries are entities controlled by the WSIB.

The financial statements of subsidiaries are included in the WSIB's consolidated financial statements from the date control commences until the date control ceases. Where necessary, adjustments are made to the financial statements of subsidiaries to reflect accounting policies consistent with those of the WSIB. All intercompany transactions and balances are eliminated.

The majority of the WSIB's investment portfolio is held in subsidiaries in which the WSIB Employees' Pension Plan is a non-controlling interest (note 17).

(b) Non-controlling interests

Non-controlling interests represent the WSIB Employees' Pension Plan and other investors' proportionate interest of the net assets and total comprehensive income of subsidiaries in which the WSIB directly or indirectly owns less than a 100% interest. Total comprehensive income and the surplus or deficiency of assets related to these subsidiaries are allocated to WSIB stakeholders and non-controlling interests.

(c) Investments in joint ventures

Joint ventures are entities over which the WSIB has joint control and has rights to the net assets of the arrangement. Investments in joint ventures are accounted for using the equity method. Under the equity method, investments are initially recognized at cost and adjusted for the WSIB's proportionate share of the joint ventures' total comprehensive income.

(d) Joint operations

Joint operations are investments in economic activities or entities over which the WSIB has joint control and has rights to specific assets, and obligations for specific liabilities, relating to the arrangement.

The WSIB's consolidated financial statements include its share of assets, liabilities, revenues and expenses related to the joint operations.

Foreign currency

The WSIB's functional and presentation currency is the Canadian dollar. The Canadian dollar is also the functional currency of each of the WSIB's subsidiaries and joint ventures.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in a foreign currency are translated at the period-end rates of exchange. Non-monetary assets and liabilities that are measured at fair value are also translated at the period-end rates of exchange. Foreign exchange gains and losses are recognized in investment income or administration and other expenses.

Financial instruments

The WSIB recognizes financial assets and financial liabilities when it becomes a party to a contract.

Financial assets and financial liabilities classified as at fair value through profit or loss ("FVTPL") are measured at fair value on initial recognition and transaction costs are expensed when incurred. All other financial assets and financial liabilities are measured at fair value plus transaction costs on initial recognition.

Measurement in subsequent periods depends on the classification of the financial instrument. The WSIB's financial instruments are classified as follows:

Financial asset or financial liability	Classification
Cash and cash equivalents	FVTPL (a)
Receivables	Loans and receivables (b)
Public equity securities	FVTPL (a)
Bonds	FVTPL (a)
Alternative investments	FVTPL (a)
Derivative assets	FVTPL (a)
Payables and accruals	Other financial liabilities (c)
Derivative liabilities	FVTPL (a)
Long-term debt	Other financial liabilities (c)

(a) Financial assets and financial liabilities at FVTPL

Financial assets and financial liabilities are classified as FVTPL when acquired principally for the purpose of trading, if so designated by management, or if they are derivatives. Financial assets and financial liabilities classified as FVTPL are measured at fair value, with changes recognized in investment income.

Financial assets and financial liabilities that are classified as FVTPL are managed based on their fair value in accordance with the WSIB's documented risk management or investment strategy.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets that have fixed or determinable payments and are not quoted in an active market. Subsequent to initial recognition, loans and receivables are carried at amortized cost using the effective interest method. Loans and receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

(c) Other financial liabilities

Other financial liabilities are financial liabilities that are not derivative liabilities or classified as FVTPL. Subsequent to initial recognition, other financial liabilities are carried at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial instrument and allocating interest over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash flows (including all transaction costs and other premiums or discounts) through the expected life of the financial instrument to the net carrying amount on initial recognition.

Investment properties

Investment properties are properties held to earn rental income or for capital appreciation, or both. Investment properties acquired through an asset purchase are initially recognized at cost, which includes transaction costs. Subsequent to initial recognition, investment properties are measured at fair value with changes in fair value recognized as investment income during the period in which they arise.

Fair values of investment properties are primarily based on discounted expected future cash flows of each property, using discount and terminal capitalization rates reflective of the characteristics, location and market of each property. The future cash flows of each property are based on estimates of future cash flows from current and future leases.

Valuations of significant investment properties are performed by third-party appraisers, on an annual basis at a minimum, at varying dates throughout the year. On a quarterly basis, the fair value of investment properties is updated based on valuation models incorporating available market evidence.

Property, equipment and intangible assets

Property, equipment and intangible assets are measured at cost less accumulated depreciation and any accumulated impairment losses. When significant components of an item of property and equipment have different useful lives, they are accounted for as separate items.

Intangible assets include both internally developed and acquired software. Development costs associated with internally developed software are recognized as an intangible asset when certain criteria are met. The criteria to capitalize development costs include the WSIB's intention and ability to complete the development of the software from which it is probable the WSIB will generate future economic benefits.

Depreciation of property and equipment, and amortization of intangible assets are included in administration and other expenses on the consolidated statements of comprehensive income. Property, equipment and intangible assets are depreciated and amortized on a straight-line basis over their estimated useful lives as follows:

Land	Not depreciated
Buildings	
Primary structure	60 years
Components with different useful lives	10 - 30 years
Leasehold improvements	Lesser of the lease term or 10 years
Office and computer equipment	3 - 5 years
Intangible assets	3 - 8 years

Premium revenues

Premium revenues are comprised of premiums from Schedule 1 employers and administration fees from Schedule 2 employers.

(a) Schedule 1 employer premiums

Schedule 1 employers are those for which the WSIB is liable to pay benefit compensation for workers' claims. Schedule 1 employer premiums are assessed and are receivable when employers report their insurable earnings for the current year. For employers who have not reported, premiums are estimated and included in the accrued premiums receivable. Premium revenues are recognized over the coverage period.

(b) Schedule 2 employer administration fees

Schedule 2 employers are employers that self-insure the provision of benefits under the WSIA. Schedule 2 employers are liable to pay all benefit compensation and administration costs for their workers' claims.

The WSIB administers the payment of the benefits for workers of Schedule 2 employers and recovers the cost of these benefits plus administration fees from the employers. The administration fees are recognized as the services are provided. The benefits paid on behalf of Schedule 2 employers and the amounts collected to recover the benefits paid are not included in the WSIB's revenues or expenses.

Investment income

Investment income is comprised of the following:

(a) Realized and unrealized gains and losses on financial instruments are recognized in investment income in the period they arise.

(b) Interest and dividend income

Interest income is recognized in investment income as it accrues. Dividend income is recognized in investment income when the WSIB's right to receive payment has been established.

(c) Income from joint ventures

The WSIB's proportionate share of its joint ventures' total comprehensive income is recognized in investment income in the period it is recognized by the joint venture.

(d) Income from investment properties

Changes in fair value, rental income and service charges from investment properties are recognized in investment income in the period to which they relate.

Mandatory employer incentive programs

Schedule 1 employers participate in mandatory employer incentive programs that may result in adjustments to premium rates. Certain of these programs involve a surcharge to, or refund of, premiums based on the employer's claims experience. An estimate of the surcharges or refunds is recognized in the period to which they relate.

Legislated obligations and funding commitments

(a) Legislated obligations

The WSIB is required to reimburse the Government of Ontario for all administrative costs of the *Occupational Health and Safety Act* (the "OHSA"). The WSIB is also required to fund costs associated with the Ministry of Labour's (the "MoL") prevention activities, the Workplace Safety and Insurance Appeals Tribunal (the "WSIAT"), and the offices of each of the Worker and Employer Adviser. The expenses related to these legislated obligations are recognized as an expense in the period to which the funding relates.

(b) Funding commitments

The WSIB provides grant funding to carry on investigations, research and training. The expenses related to these funding commitments are recognized as an expense in the period to which the funding relates.

(c) Voluntary employer incentive programs

The WSIB provides financial incentives to Schedule 1 employers who undertake specific measures to improve health and safety. An estimate of the cost of these incentive programs is recognized as an expense in legislated obligations and funding commitments in the period the measures are undertaken by the employer.

Loss of Retirement Income Fund liability

The Loss of Retirement Income Fund liability represents an obligation for payments of retirement benefits to certain workers. The WSIB contributes five percent of the loss of earnings benefits to the Loss of Retirement Income Fund for injured workers of Schedule 1 employers who have received loss of earnings benefits for twelve consecutive months. Schedule 2 employers are required to contribute five percent of the loss of earnings benefits for their workers once loss of earnings benefits are received for twelve continuous months. Workers eligible for loss of retirement income benefits can choose to contribute a further five percent from their loss of earnings benefits. For claims incurred prior to January 1, 1998, the contribution from the WSIB and Schedule 2 employers is 10% of every future economic loss payment made to injured workers. Total contributions are segregated within the WSIB's investment portfolio as the Loss of Retirement Income Fund.

The WSIB's obligation pursuant to the WSIA is to provide retirement benefits equal to the total contributions plus income earned on those contributions. As such, the Loss of Retirement Income Fund liability is measured at an amount equivalent to the fair value of the assets in the Loss of Retirement Income Fund. The WSIB's contributions to the Loss of Retirement Income Fund are recognized as the Loss of Retirement Income Fund contributions expense.

Benefit liabilities

Benefit liabilities represent the actuarially determined present value of the estimated future payments for reported and unreported claims incurred on or prior to the reporting date using best estimate assumptions related to workers of Schedule 1 employers. In addition, an obligation is estimated for claims in respect of occupational diseases currently recognized by the WSIB for which a claim has not yet been reported. The future payments are for estimated obligations for loss of earnings, labour market re-entry costs, short and long-term disability, health care, survivor benefits, retirement income benefits and claim administration costs. The benefit liabilities are determined in accordance with the Standards of Practice of the Canadian Institute of Actuaries, including the standards for Public Personal Injury Compensation Plans, and legislation in effect at the end of the reporting period. Changes in the estimate of future benefit payments are recognized in benefit costs expense.

Benefit liabilities do not include any amounts for claims related to workers of Schedule 2 employers; these claims are ultimately paid by the self-insured Schedule 2 employers.

Employee future benefits

The WSIB sponsors a defined benefit pension plan, a post-retirement benefit program, and other employee defined benefits.

The cost of employee benefit plans is recognized as the employees provide service to the WSIB. The obligations for these plans are measured as the present value of the benefit obligation less the fair value of plan assets and are included in the employee benefit plans liability. The employee benefit plans liability represents the combined deficit of the plans at the reporting date.

The cost of the defined benefit plans is actuarially determined using the projected unit credit method and includes management's estimate of compensation increases, health care cost trend rates, mortality, and retirement ages of employees. These estimates are reviewed annually with the WSIB's external actuaries. The discount rate used to value the obligations is based on long-term high quality corporate bonds.

The changes in defined benefit obligations and plan assets are recognized when they occur as follows:

(a) Service costs and the net interest cost are recognized in administration and other expenses; and

(b) Remeasurements, actual experience which differs from assumptions which result in actuarial gains or losses, are recognized in other comprehensive income. Remeasurements are never reclassified to expenses; other comprehensive income related to the remeasurements is immediately transferred to the unfunded liability.

4. Critical Accounting Estimates and Judgments

The WSIB is required to apply judgment when making estimates and assumptions that affect the reported amounts recognized in the consolidated financial statements. These estimates have a direct effect on the measurement of transactions and balances recognized in the consolidated financial statements, and actual results could differ from those estimates. Estimates are reviewed on an ongoing basis, with any related revisions recorded in the period in which they are adjusted.

In addition, the WSIB has made judgments, aside from those that involve estimates, in the process of applying its accounting policies. These judgments can affect the amounts recognized in the consolidated financial statements.

Benefit liabilities (note 13)

Benefit liabilities represent the actuarially determined present value of estimated future payments for reported and unreported claims incurred on or prior to the reporting date, including claims in respect of occupational diseases currently recognized by the WSIB. The measurement of benefit liabilities requires the actuary to make estimates and assumptions for a number of factors, including those for claim duration, mortality rates, wage escalation, general inflation and discount rates. Changes in these estimates and assumptions could have a significant impact on the measurement of benefit liabilities and benefit costs.

Employee benefit plans (note 12)

The costs and liabilities associated with defined benefit pension plans and other long-term employee benefit plans are determined in accordance with actuarial valuations. The actuarial valuations rely on estimates and assumptions including those for wage escalation, expected return on plan assets, health care and dental cost inflation, retirement ages, life expectancies and discount rates. Changes in these estimates could have an impact on the employee benefit plans liability and total comprehensive income.

Fair value measurement of financial instruments (note 7)

Where possible, the fair value of publicly traded financial instruments is based on quoted market prices. Where quoted market prices are not available, the fair value for financial instruments is based on valuation models that use observable market inputs such as interest rate yield curves. Valuation models incorporate prevailing market rates and may require estimates for economic risks and projected cash flows. Note 7 of the consolidated financial statements provides the estimated fair values of financial instruments categorized by the nature of the inputs used in the valuation techniques.

Fair value measurement of investment properties (note 7)

The WSIB's investment properties are owned indirectly through subsidiaries or joint operations. Investment properties are re-measured to fair value at each reporting date, estimated based on the annual valuations performed by independent qualified appraisers. The annual third-party appraisals are performed at varying dates throughout the year; at each reporting date the fair value of investment properties is updated based on valuation models incorporating available market evidence. When estimating the fair value of investment properties, estimates and assumptions are made that have a significant effect on the reported values of investment properties. Estimates and assumptions used in determining the fair value of the investment properties include discount and terminal capitalization rates, inflation rates, vacancy rates and future net cash flows of the properties.

5. Future Changes in Accounting Standards

The following new or amended accounting standards have been issued by the International Accounting Standards Board ("IASB"). These new or amended standards are not yet effective and the WSIB has not completed its assessment of their impact on its consolidated financial statements.

IFRS 9 Financial Instruments ("IFRS 9")

In July 2014, the IASB issued IFRS 9 which will replace IAS 39 *Financial Instruments: Recognition and Measurement* ("IAS 39"). IFRS 9 will be effective for the WSIB beginning on January 1, 2018 on a retrospective basis.

IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or at fair value, replacing the multiple classifications in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The standard also includes guidance on the classification and measurement of financial liabilities, which largely carries forward the existing requirements in IAS 39.

The standard introduces a new single model for the measurement of impairment losses on all financial instruments subject to impairment accounting. The expected credit loss model replaces the current "incurred loss" model and is based on a forward looking approach.

Exposure drafts

(a) Insurance contracts

In June 2013, the IASB issued a revised exposure draft containing proposals for significant changes to the existing recognition, measurement, presentation and disclosure requirements for insurance contracts. The IASB continues to work on these proposals with the objective of finalizing a new standard to replace IFRS 4 *Insurance Contracts*. This is an important standard that is expected to have a significant effect on the WSIB's consolidated financial statements, primarily as it relates to the measurement of benefit liabilities.

(b) Other

The IASB regularly issues exposure drafts with proposals for new standards or amendments to existing standards. The WSIB's consolidated financial statements do not include disclosure of all exposure drafts issued by the IASB.

6. Receivables

Receivables are comprised of the following:

	2015	2014
Premiums receivable	259	230
Less: Allowance for doubtful accounts	(92)	(79)
	167	151
Accrued premiums receivable	507	481
	674	632
Employer incentive programs surcharges	353	451
Other assets	35	33
Accounts receivable	1,062	1,116
Investment receivables	552	395
Total receivables	**1,614**	**1,511**

7. Invested Assets and Net Investment Income

(a) Invested assets

WSIB's investment portfolio is diversified across various asset classes. The invested assets are currently diversified among five primary investment strategies as follows:

Public equities	Investment in the equity, or securities convertible into equity, of public corporations.
Fixed income	Bonds, debentures and other fixed income investments.
Multi-asset	Investments that seek to provide a diversified source of total return generated from the broad market and from active management. Investments within multi-asset may include derivatives, commodities, currencies, hedge funds, equities and fixed income investments.
Real estate	Real estate debentures and properties in Canada and the United States diversified across office, retail, industrial and mixed-use assets.
Infrastructure	Investments in transportation, utilities, energy and healthcare facilities.

The WSIB's invested assets are held directly or held indirectly through investments in subsidiaries, joint ventures or joint operations.

The following provides a summary of the nature of the invested assets by investment strategy:

	Public equities	Fixed income	Multi-asset	Real estate	Infra-structure	Other	2015	2014
Public equity securities	9,605	-	450	-	-	-	**10,055**	**9,136**
Bonds	-	6,324	432	-	-	-	**6,756**	**6,307**
Derivative assets	3	-	63	-	2	-	**68**	**158**
Alternative investments[1]	-	-	4,566	420	966	72	6,024	5,239
Investment properties	-	-	-	1,361	-	-	1,361	1,194
Joint ventures	-	-	-	431	131	-	562	527
Other invested assets	-	-	4,566	2,212	1,097	72	**7,947**	**6,960**

1. Alternative investments include private market investments, pooled funds and annuities.

(b) Net investment income

Net investment income by investment strategy, including income from cash and cash equivalents and derivatives, for the years ended December 31 is as follows:

	Public equities	Fixed income	Multi-asset	Real estate	Infra-structure	Other	2015	2014
Public equity securities	1,218	-	90	-	-	-	1,308	1,068
Bonds	-	225	61	-	-	3	289	532
Alternative investments	-	-	851	35	184	6	1,076	685
Investment properties	-	-	-	33	-	-	33	69
Income from joint ventures	-	-	-	18	14	-	32	35
Derivatives	(310)	-	(894)	(7)	(103)	-	(1,314)	(214)
Cash and cash equivalents	-	-	-	-	-	2	2	5
Less: Income attributable to Loss of Retirement Income Fund (note 11)	(52)	(12)	(6)	(5)	(5)	(8)	(88)	(138)
Investment income	**856**	**213**	**102**	**74**	**90**	**3**	**1,338**	**2,042**
Less: Investment expenses	(60)	(1)	(49)	(3)	(26)	-	(139)	(115)
Net investment income	**796**	**212**	**53**	**71**	**64**	**3**	**1,199**	**1,927**

Net investment income, including income from cash and cash equivalents and derivatives, for the years ended December 31 is comprised of the following:

	2015	2014
Net gains on financial instruments	822	1,579
Interest and dividend income	539	497
Income from investment properties	33	69
Income from joint ventures	32	35
Less: Income attributable to Loss of Retirement Income Fund (note 11)	(88)	(138)
Investment income	**1,338**	**2,042**
Less: Investment expenses	(139)	(115)
Net investment income	**1,199**	**1,927**

(c) Investments under securities lending program

The WSIB participates in a securities lending program through an intermediary for the purpose of generating fee income. Non-cash collateral, the fair value of which represents at least 102% of the fair value of the loaned securities, is maintained until the underlying securities have been returned to the WSIB. The fair value of the loaned securities is monitored on a daily basis by an intermediary financial institution with additional collateral obtained or refunded as the fair value of the underlying securities fluctuates. While in the possession of the counterparties, the loaned securities may be resold or repledged by such counterparties. The intermediary indemnifies the WSIB against any shortfalls in collateral in the event of default by the counterparty. These transactions are conducted under terms that are usual and customary to security lending activities as well as requirements determined by exchanges where a financial institution acts as an intermediary.

Under the terms of the securities lending program, the WSIB retains substantially all the risks and rewards of ownership of the loaned securities and also retains contractual rights to the cash flows. These securities are not derecognized from the consolidated statements of financial position.

As at December 31, 2015, the fair value of investments loaned under the securities lending program was $1,238 (2014 – $1,075). As at December 31, 2015, the fair value of securities maintained as collateral was approximately $1,310 (2014 – $1,133).

(d) Derivative assets and derivative liabilities

Derivative assets and derivative liabilities include foreign exchange forward contracts which are utilized to hedge investments denominated in a foreign currency, and for active trading. Equity index, fixed income and commodity futures are held to provide international and asset class diversification. These futures are collateralized with cash and treasury bills and used to replicate the return of the respective equity, fixed income or commodity investments. The foreign exchange derivative assets and derivative liabilities are subject to netting arrangements and in practice are settled on a net basis, but do not meet the criteria to be presented on a net basis. As such, the derivative assets and derivative liabilities are presented separately in the consolidated statements of financial position.

The notional amounts in the table below are not recorded as assets or liabilities in our consolidated financial statements as they represent the face amounts to which a rate or a price is applied to determine the amount of cash flows to be exchanged. Notional principal amounts do not represent the potential gains or losses associated with market risks and are not indicative of the credit risks associated with derivative financial instruments.

The notional amounts and the fair values of the derivative assets and liabilities as at December 31 are as follows:

	2015			2014		
		Fair value			Fair value	
	Notional amount	Assets	Liabilities	Notional amount	Assets	Liabilities
Forward exchange contracts	10,585	45	107	9,439	103	34
Fixed income futures	2,625	8	8	2,897	27	1
Commodity futures	317	3	10	653	2	49
Equity index futures	396	7	2	482	20	2
Options	15	5	3	18	6	6
Swaps	249	-	3	310	-	5
	14,187	**68**	**133**	**13,799**	**158**	**97**

(e) Investment properties

The reconciliation of carrying amounts for investment properties is set forth below:

	2015	2014
Balance, beginning of year	1,194	970
Asset acquisitions	146	184
Capital expenditures	49	32
Net gains (losses) from changes in fair values	(24)	16
Disposals	(4)	-
Other	-	(8)
Balance, end of year	**1,361**	**1,194**

Rental income and service charges from investment properties during the year were $106 (2014 – $102) and are included in investment income. Operating expenses from investment properties during the year were $49 (2014 – $49) and are offset against rental income.

(f) Joint ventures

The WSIB's ownership in the joint ventures, which hold investment properties, ranges from 38% - 77%. The following provides a summary of the financial position information of the WSIB's joint ventures:

	2015	2014
Total assets	1,498	1,497
Total liabilities	(262)	(326)
Net assets	**1,236**	**1,171**
WSIB's share of net assets	**562**	**527**

The following provides a summary of the net income of the WSIB's joint ventures:

	2015	2014
Revenues	121	143
Expenses	(67)	(68)
Gains from increases in fair value	1	12
Net income	**55**	**87**
WSIB's share of net income	**32**	**35**

(g) Joint operations

The following amounts related to the joint operations are included in the WSIB's consolidated financial statements:

	Simcoe Place	Mississauga Property I	Mississauga Property II	Other	2015	2014
Other assets	11	8	5	1	25	22
Property and equipment	116	-	-	-	116	120
Investment properties	-	77	139	50	266	126
Payables	(5)	(2)	(2)	(13)	(22)	(73)
Long-term debt	(20)	-	(69)	-	(89)	(26)
Net assets	**102**	**83**	**73**	**38**	**296**	**169**
Investment income	-	9	3	-	12	9
Investment expenses	-	(6)	(2)	-	(8)	(6)
Administration and other expenses	(25)	-	-	-	(25)	(26)
Total comprehensive income (loss)	**(25)**	**3**	**1**	**-**	**(21)**	**(23)**

The WSIB's ownership interests in joint operations at December 31, 2015 are as follows:

- The WSIB has a 75% undivided co-ownership interest in an office tower situated at 200 Front Street West, Toronto, Ontario ("Simcoe Place"). The WSIB occupies approximately 76.2% of the premises and recognizes its share of the property within property and equipment and its share of operating expenses in administration and other expenses.

- The WSIB has a 50% undivided co-ownership interest in an office and retail complex of four office buildings and adjoining development lands located in the City of Mississauga, Ontario (the "Mississauga Property I").

- The WSIB has a 50% undivided co-ownership interest in an office building located in the City of Mississauga, Ontario (the "Mississauga Property II").

(h) Fair value measurement and disclosures

Estimates of fair value used for measurement and disclosure are designed to approximate amounts that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants.

The carrying amounts of cash and cash equivalents, public equity securities, bonds, other invested assets, derivative assets and derivative liabilities are their fair values. Due to their short-term nature, the carrying amounts of receivables and payables approximate their fair values.

Due to the estimation process and the need to use judgment, the aggregate fair value amounts may not be realizable in settlement of assets or liabilities.

Fair value hierarchy

The WSIB uses a fair value hierarchy to categorize the inputs used in valuation techniques to estimate the fair values of assets and liabilities.

The table below provides a general description of the valuation methods used for fair value measurements.

Hierarchy level	Valuation method
Level 1	Fair value is measured as the closing bid price for identical assets in an active public market at the reporting date.
Level 2	Where bid prices in an active public market are not available, observable inputs are used to estimate fair value using a market approach or an income approach. When using a market approach, fair value is estimated by adjusting the market price of a similar asset or liability, using inputs such as quoted interest or currency rates. Estimated fair value using an income approach is based on fixed future cash flows discounted using market interest rates for similar assets or liabilities.
Level 3	*Alternative investments* The fair value of alternative investments in real estate entities is estimated using valuations of the underlying investment properties, with the same methods as noted below for investment properties. *Investment properties* Fair values of investment properties are estimated based on valuations performed by qualified appraisers. The valuations of the investment properties are primarily based on discounted expected future cash flows of each property, using discount and terminal capitalization rates reflective of the characteristics, location and market of the property. The future cash flows are based on, among other things, rental income from current leases and assumptions about rental income from future leases reflecting current conditions, less future cash outflows relating to such current and future leases.

Measurements of the fair value of an asset or liability may use multiple inputs that are categorized in different levels of the fair value hierarchy. In these cases, the asset or liability is classified in the hierarchy level of the lowest level input that is significant to the measurement.

During the years ended December 31, 2015 and December 31, 2014, there were no changes in the levels of classification of financial instruments. Transfers between levels within the hierarchy are recognized at the end of the reporting period.

The following table provides the fair value hierarchy classifications for assets and liabilities:

	December 31, 2015				December 31, 2014			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets and liabilities measured at fair value								
Cash and cash equivalents[1]	624	957	-	1,581	658	815	-	1,473
Public equity securities	10,011	44	-	10,055	9,097	39	-	9,136
Bonds	-	6,756	-	6,756	-	6,307	-	6,307
Alternative investments	-	5,604	420	6,024	-	4,867	372	5,239
Investment properties	-	-	1,361	1,361	-	-	1,194	1,194
Derivative assets	-	68	-	68	-	158	-	158
Derivative liabilities	-	(133)	-	(133)	-	(97)	-	(97)
Liabilities for which fair value is disclosed								
Long-term debt[2]	-	(128)	-	(128)	-	(64)	-	(64)

1. Cash and cash equivalents include cash of $624 and short-term money market securities of $957 (December 31, 2014 – $658 and $815, respectively).
2. Carrying amount at December 31, 2015 was $116 (December 31, 2014 – $52).

Alternative investments in real estate entities (level 3 fair value measurements)

The table below provides a reconciliation of the fair value of alternative investments in real estate entities:

	2015	2014
Balance at beginning of year	372	371
Purchases	68	3
Sales	(41)	(8)
Net gains recognized in net investment income	21	6
Balance at end of year	**420**	**372**

The following discount and terminal capitalization rates were used in the discounted cash flow estimates of fair value:

	2015	2014
Real estate entities		
Discount rates	5.3% - 7.3%	5.5% - 8.3%
Terminal capitalization rates	4.5% - 6.8%	4.8% - 7.8%

Change in assumption	Increase (decrease) in the fair value of real estate entities 2015	2014
50 basis point increase in the discount rate and terminal capitalization rate	(36)	(37)
50 basis point decrease in the discount rate and terminal capitalization rate	45	43
5 percent increase in the expected future cash flows of underlying properties	19	21
5 percent decrease in the expected future cash flows of underlying properties	(19)	(21)

Investment properties (level 3 fair value measurements)

The following discount and terminal capitalization rates were used in the discounted cash flow estimates of fair value:

	2015	2014
Office properties		
Discount rates	6.5% - 8.3%	6.5% - 8.3%
Terminal capitalization rates	5.8% - 7.5%	5.8% - 7.3%
Industrial properties		
Discount rates	6.0% - 7.5%	6.0% - 8.0%
Terminal capitalization rates	5.0% - 7.3%	5.0% - 7.5%
Retail properties		
Discount rates	6.3% - 7.0%	6.3% - 8.0%
Terminal capitalization rates	5.8% - 6.3%	5.8% - 6.5%

Change in assumption	Increase (decrease) in the fair value of investment properties 2015	2014
50 basis point increase in the discount rate and terminal capitalization rate	(88)	(88)
50 basis point decrease in the discount rate and terminal capitalization rate	103	103
5 percent increase in the stabilized net operating income or expected future cash flows	53	54
5 percent decrease in the stabilized net operating income or expected future cash flows	(53)	(54)

8. Financial Risk Management

The WSIB is exposed to a number of risks and uncertainties related to its financial instruments and benefit liabilities. These risks and the WSIB's risk mitigation policies and techniques are disclosed in Section 15 – Risk Factors of the Management's Discussion and Analysis.

Invested assets

The Board of Directors of the WSIB has established a Statement of Investment Policies and Procedures ("SIPP"), which establishes the policies governing the WSIB's investment portfolio. The WSIB's risk governance process and the investment strategies are disclosed in Section 2 – Our Business of the Management's Discussion and Analysis. The SIPP requires that the WSIB's investment portfolio be diversified across certain asset classes and is currently diversified among five primary investment strategies. Refer to Note 7 for a summary of the invested assets by investment strategies.

Liquidity risk

As at December 31, 2015, 63.9% (2014 – 68.0%) of the WSIB's investment portfolio was invested in readily marketable fixed income securities and publicly traded equities.

The following provides the carrying values of all financial instruments by contractual maturity or expected cash flow:

	Within 1 year	2 - 5 years	6 - 10 years	Over 10 years	No fixed maturity	2015	2014
Cash and cash equivalents	1,581	-	-	-	-	1,581	1,473
Receivables	1,614	-	-	-	-	1,614	1,511
Public equity securities	-	-	-	-	10,055	10,055	9,136
Bonds	23	2,695	1,856	2,182	-	6,756	6,307
Alternative investments	-	-	-	-	6,024	6,024	5,239
Derivative assets	68	-	-	-	-	68	158
Payables and accruals	(1,077)	-	-	-	-	(1,077)	(1,186)
Derivative liabilities	(133)	-	-	-	-	(133)	(97)
Long-term debt		(3)	(80)	(33)	-	(116)	(52)

Credit risk

(a) Bonds

The WSIB's fixed income securities consist primarily of high quality, investment grade debt instruments. An investment grade debt instrument is one that is rated BBB and above. The WSIB manages its credit risk through diversification and a due diligence process, by selecting multiple highly rated counterparties and by setting counterparty exposure limits.

The following provides information regarding the credit rating of the WSIB's bonds:

	2015		2014	
AAA	2,550	37.7%	2,311	36.7%
AA	782	11.6%	1,812	28.7%
A	3,025	44.8%	1,832	29.0%
BBB	399	5.9%	351	5.6%
BB	-	- %	1	- %
	6,756	**100.0%**	**6,307**	**100.0%**

Credit risk associated with bonds also includes concentration risk. Concentration risk arises from the exposure of investments from one particular issuer, a group of issuers, a geographic region, or an industry sector. These groups share similar characteristics such as type of industry, regulatory compliance, and economic and political conditions, which may impact the issuers' ability to meet their contractual commitments.

The WSIB manages concentration risk through limits on exposure to issuers, regions and industry sectors. Through these limits, not more than five percent of the fair value of the investment portfolio is invested in the securities of a single non-government issuer.

The following provides information regarding the concentration of bonds.

	2015		2014	
Provincial and municipal	3,413	50.5%	3,198	50.7%
Federal government and agencies	2,077	30.7%	1,672	26.5%
Financial services	493	7.3%	595	9.4%
Utilities and telecommunications	352	5.2%	380	6.0%
Other corporate	129	1.9%	163	2.6%
Natural resources	100	1.5%	105	1.7%
Consumer products and merchandising	74	1.1%	65	1.0%
Real estate	70	1.0%	69	1.1%
Asset-backed securities	25	0.4%	31	0.5%
Communications and publishing	19	0.3%	24	0.4%
Industrial products	4	0.1%	5	0.1%
	6,756	**100.0%**	**6,307**	**100.0%**

(b) Securities lending program

The WSIB manages counterparty risk relating to its securities lending program by establishing a pre-approved, qualified borrower list and through exposure limits. Non-cash collateral is comprised primarily of government bonds and major bank short-term notes.

(c) Accounts receivable from Schedule 2 employers

At December 31, 2015, the WSIB held collateral in the form of letters of credit in the amount of $270 (2014 – $310) with Schedule 2 employers. These letters of credit can be drawn on demand.

Market risk

(a) Currency risk

The WSIB is exposed to a number of foreign currencies in its investment portfolio. The WSIB also uses foreign exchange contracts as an additional source of return, for economic hedging strategies to manage investment risk, to improve liquidity, or to manage exposure to asset classes or strategies.

The WSIB has a currency hedging policy which is reviewed and approved on an annual basis by the Investment Committee. The currency hedging policy provides guidelines about hedging currencies, hedging instruments, rebalancing frequency and overall currency hedging controls and process. To manage the currency risk, the WSIB monitors closely the currency exposure and has established a currency hedge rebalancing guideline. The policy specifies, among other operational matters, the rebalance frequency and the threshold of hedge ratio deviation that will trigger a rebalancing transaction.

The following provides a sensitivity analysis of the effect of a one percent increase or decrease in the Canadian dollar compared to the five foreign currencies that represent 86% (2014 – 82%) of the WSIB's foreign currency exposure in its investment portfolio:

Currency	Total net exposure	Effect of 1% change
United States dollar	4,580	46
Euro	563	5
Hong Kong dollar	305	3
Japanese yen	281	3
British Pound sterling	196	2
	5,925	**59**

(b) Interest rate risk

The WSIB uses option adjusted modified duration to measure the sensitivity of the fair value of bonds to a change in interest rates. A parallel shift in the yield curve of one percent, with all other variables held constant, would result in an increase or decrease in the fair value of investments of approximately $513 (2014 – $474). This information is based on the assumption that the investments are not impaired and interest rates and equity prices move independently.

(c) Price risk

The WSIB is exposed to price risk through its investments in public equity securities. The WSIB's price risk mitigation strategies are discussed in Section 15 – Risk Factors of the Management's Discussion and Analysis.

The estimated effect on the fair value of public equity securities resulting from a 10% change in market prices, holding all other factors constant, is $1,006 (2014 – $914).

Benefit liabilities

The WSIB is exposed to the risk that the actual obligations for benefit payments exceed its estimate of benefit liabilities. Benefit liabilities are influenced by factors such as the discount rate used to value future claims, expected inflation, availability, utilization and cost of health care services, injury severity and duration, availability of return-to-work programs and re-employment opportunities at pre-injury employers, wage growth, new medical findings that affect the recognition of occupational diseases, legislated changes to benefit rates or modification of the recognition of workplace injuries, which are sometimes applied retroactively, and precedents established through various claims appeals processes.

The WSIB mitigates these risks by utilizing both proprietary and commercially available actuarial models, assessing historical loss development patterns in addition to augmenting its resources with the recruitment of a Chief Statistician and the formation of an Actuarial Advisory Board consisting of individuals with expertise in the area of actuarial science and economics specifically related to worker compensation matters.

Note 13 provides further information regarding the nature of benefit liabilities.

9. Property, Equipment and Intangible Assets

	Property and equipment				Intangible assets		
	Land	Buildings	Leasehold improvements	Office and computer equipment	Internally developed software	Acquired software	Total
Cost							
Balance at December 31, 2013	40	102	68	30	85	8	333
Additions	-	-	1	-	86	1	88
Dispositions	-	-	-	(9)	-	-	(9)
Balance at December 31, 2014	40	102	69	21	171	9	412
Additions	-	-	2	1	63	-	66
Balance at December 31, 2015	40	102	71	22	234	9	478
Accumulated depreciation							
Balance at December 31, 2013	-	19	63	25	60	6	173
Depreciation	-	3	4	3	3	1	14
Dispositions	-	-	-	(9)	-	-	(9)
Balance at December 31, 2014	-	22	67	19	63	7	178
Depreciation	-	3	1	2	9	1	16
Balance at December 31, 2015	-	25	68	21	72	8	194
Carrying amounts							
At December 31, 2015	40	77	3	1	162	1	284
At December 31, 2014	40	80	2	2	108	2	234

The carrying amount for internally developed software at December 31, 2015 includes $87 of costs for software that was not yet available for use and therefore was not yet subject to amortization (2014 – $105).

10. Long-term Debt

Long-term debt is comprised of the following:

	2015	2014
Mortgages payable	69	5
Obligations under finance leases	47	47
	116	**52**

Mortgages payable

Mortgages related to investment properties are held with a total principal balance of $74 of which $5 was included in payables and accruals (2014 – $32 of which $27 was included in payables and accruals). The mortgages have annual fixed interest rates of 3.6% - 4.5%, and mature between 2016 and 2025. For the year ended December 31, 2015, interest of $2 was included in investment expenses (2014 – $2).

At December 31, 2015, future principal payments on mortgages payable were as follows:

	Principal payments
Not later than one year	5
Later than one year and not later than five years	-
Later than five years	69
	74

Obligations under finance leases

The WSIB has a finance lease related to the land at Simcoe Place (note 7) with minimum annual lease payments of $4 (2014 – $4). The lease expires in 2027, at which point the WSIB has an option to purchase a 75% interest in the land for $2. Management considers this option to be advantageous and expects the option will be exercised, subject to the Lieutenant Governor in Council approval. The effective interest rate on this finance lease is 19.59%.

The WSIB has three operating leases for investment properties. The WSIB has elected to measure these investment properties at fair value and to account for the related operating leases as finance leases. These leases have total annual minimum lease payments of $2 and interest rates ranging from 5.6% - 7.8%. Two of the leases have remaining lease terms of 36 years; the other has a remaining lease term of 72 years.

Future minimum lease payments under finance leases are as follows:

	Future minimum lease payments	Interest	Present value of minimum lease payments
Not later than one year	6	(6)	-
Later than one year and not later than five years	24	(21)	3
Later than five years	108	(64)	44
	138	**(91)**	**47**

11. Loss of Retirement Income Fund Liability

The reconciliation of carrying amounts for the Loss of Retirement Income Fund liability is set forth below:

	2015	2014
Balance, beginning of year	1,663	1,538
Contributions from the WSIB	56	59
Optional contributions from injured workers	7	7
Contributions from Schedule 2 employers	4	4
Investment income (note 7)	88	138
Benefits paid in cash	(94)	(83)
Balance, end of year	**1,724**	**1,663**

The following provides a summary of the assets by strategy as defined by the Loss of Retirement Income Fund's SIPP:

		2015		2014
Public equities	554	32%	534	32%
Fixed income	360	21%	334	20%
Multi-asset	347	20%	361	22%
Real estate	115	7%	122	7%
Infrastructure	62	3%	41	2%
Other	78	5%	81	5%
Included in total invested assets (note 7)	1,516	88%	1,473	88%
Cash and cash equivalents	208	12%	190	12%
	1,724	**100%**	**1,663**	**100%**

12. Employee Benefit Plans

The WSIB sponsors a registered defined benefit pension plan, supplemental defined benefit pension plans, and other defined benefit plans. Other defined benefit plans provide benefits such as disability income benefits, vacaton and attendance programs, and post-employment dental, health and life insurance benefits.

The registered pension plan and the post-retirement benefit program represent approximately 81% and 15%, or a combined 96%, of the total employee benefit obligation.

The Employees' Pension Plan

The WSIB Employees' Pension Plan provides for partially indexed pensions based on years of service and the best five consecutive years' average earnings in the last 10 years of employment. The Employees' Pension Plan is a registered pension plan under the *Ontario Pension Benefits Act* ("PBA") and the Canada Revenue Agency.

Minimum funding requirements under the PBA are determined based on actuarial valuations on a going concern basis that are required at a minimum of every three years. Deficits under the going concern basis may be funded over up to 15 years, beginning one year from the valuation date. In addition, solvency valuations must be performed which simulate a plan wind-up. Deficiencies established on a solvency basis may be funded over up to five years, beginning one year from the valuation date.

The WSIB's general practice is to contribute the minimum required under the PBA, but additional contributions may be made for tactical purposes, such as to meet a particular funding threshold. The WSIB Employees' Pension Plan is open to new entrants, and employees pay contributions based on a fixed formula (as percentages of payroll), with the WSIB responsible for the balance of the cost.

The WSIB applied for temporary solvency funding relief based on the December 31, 2012 solvency valuation, and the application was approved in June 2013. The temporary solvency relief provisions allow a longer period over which to fund the solvency deficiencies.

The Post-Retirement Benefit Plan

The Post-Retirement Benefit Plan provides extended health, dental, vision, and life insurance benefits for employees who meet the eligibility requirements. Employees must be in receipt of a WSIB pension and either be at least age 65 at the time of retirement or have 10 years of pensionable service to qualify for benefits. The plan is funded on a pay as you go basis.

Governance of defined benefit plans

The Board of Directors of the WSIB oversees the administration of the employee benefit plans in accordance with applicable legislation and approves the governance structure, including the mandates of those to whom administrative duties and responsibilities were delegated. The Board of Directors approves actuarial valuation reports and establishes employer contributions, approves audited plan financial statements, appoints and terminates key service providers and monitors plan funded status and regulatory, legislative and governance compliance.

The Board of Directors receives assistance in the fulfilment of its responsibilities related to the employee benefit plans through various committees, including the Audit and Finance Committee, the Human Resources and Compensation Committee and the Investment Committee.

Risks

Given that employee contributions to the employee benefit plans (if any) are fixed, the WSIB generally bears the risks associated with the defined benefit plans. The most significant sources of risk for the WSIB include:

(a) A decline in discount rates that increases the obligation and expense;

(b) Investment returns which are lower than expected;

(c) Lower than expected rates of mortality; and

(d) Health care cost inflation being higher than assumed.

In general, the WSIB manages the risks through plan design reviews and, in relation to investment risks, through risk control mechanisms in the WSIB Employees' Pension Plan's SIPP. The SIPP requires that the plan assets be diversified across certain asset classes and investment strategies. Measurement, assessment and management of risk is conducted using tools and analysis, including asset-liability studies, measures of standard deviation and tracking error, and sensitivity analysis. Other risks, such as operational risks, are managed through internal controls or other risk control mechanisms.

Long-term employee benefit plans expenses

The cost of the long-term employee benefit plans recognized in administration and other expenses is as follows:

	2015	2014
Service cost	101	76
Net interest on the employee benefit plans liability	51	45
	152	**121**

Remeasurements of the employee defined benefit plans recognized in other comprehensive loss (income) are as follows:

	2015	2014
Actuarial losses (gains) arising from changes in financial assumptions	(33)	329
Actuarial losses arising from changes in demographic assumptions	4	113
Actuarial losses (gains) arising from demographic and other experience	31	(19)
Excess of actual return on plan assets over interest income	(47)	(127)
Total remeasurements of employee defined benefit plans	**(45)**	**296**

Employee benefit plans liability

The employee benefit plans liability is comprised of the following:

	2015	2014
Present value of wholly or partly funded obligations	3,243	3,118
Present value of unfunded obligations	736	708
Total present value of obligations	3,979	3,826
Fair value of plan assets	(2,757)	(2,599)
Employee benefit plans liability	**1,222**	**1,227**

The movement in the total present value of defined benefit obligations is as follows:

	2015	2014
Balance, beginning of year	3,826	3,263
Current service cost	101	80
Contributions by employees	23	26
Interest expense on the defined benefit obligations	155	156
Actuarial losses (gains) arising from changes in financial assumptions	(33)	329
Actuarial losses arising from changes in demographic assumptions	4	113
Actuarial losses (gains) arising from demographic and other experience	31	(23)
Benefits paid	(128)	(118)
Balance, end of year	**3,979**	**3,826**

Benefits to be paid during 2016 are projected to be $138, and the WSIB's contributions to the plans are estimated to be $112.

The weighted-average duration of the total long-term benefit plans obligation at December 31, 2015 is 17.0 years (2014 – 17.3 years).

Fair value of plan assets

The movement in the total fair value of plan assets is as follows:

	2015	2014
Balance, beginning of year	2,599	2,343
Excess of actual returns on plan assets over interest income	47	127
Interest income on plan assets	104	111
Contributions by the WSIB	112	110
Contributions by employees	23	26
Benefits paid	(128)	(118)
Balance, end of year	**2,757**	**2,599**

Plan assets are comprised of the following:

	2015		2014	
Plan assets by major category				
Public equities	1,035	38%	989	38%
Fixed income	700	25%	641	25%
Real estate	214	8%	217	8%
Infrastructure	115	4%	75	3%
Multi-asset and other	693	25%	677	26%
Total	**2,757**	**100%**	**2,599**	**100%**

Actuarial assumptions

The significant actuarial assumptions used in the determination of the present value of the defined benefit obligations are as follows:

	2015	2014
Discount rate – plan expenses[1]	4.0%	4.7%
Discount rate – accrued benefit obligation[1]	4.0%	4.0%
Inflation	1.8%	1.8%
Salary increases	3.3%	3.3%
Health care increases[2]	6.0%	6.0%
Dental increases	4.0%	4.0%

1. Weighted-average based on obligation.
2. The 2015 assumptions for health care increases include drug cost increases of 6.0% in 2016 and 2017, declining 0.25% per annum to 4.5% in 2023 and thereafter. The 2014 assumptions for health care increases include drug cost increases of 6.0% in 2015, 2016 and 2017, declining 0.5% per annum to 4.5% in 2020 and thereafter.

The 2015 and 2014 assumptions for mortality rates are based on 104% of CPM 2014 (Private) table projected generationally using scale B.

Sensitivity of actuarial assumptions

Changes in the actuarial assumptions used have a significant effect on the employee benefit plans obligation. The following provides an estimate of the potential impact of a change in the more significant assumptions:

Sensitivity in assumptions	Increase (decrease) in the obligations 2015
Discount rate	
1% increase in assumption	(590)
1% decrease in assumption	764
Compensation, indexation, government benefit changes	
1% increase in assumption	442
1% decrease in assumption	(368)
Health care and dental costs escalation rate	
1% increase in assumption	127
1% decrease in assumption	(98)

The sensitivities above assume all other assumptions are held constant.

The measurement of the defined benefit obligations is also sensitive to the mortality assumptions. The current longevities underlying the measurement of the defined benefit obligations as at December 31 are as follows:

	2015
Longevity for those currently age 65	
Males	21.3 years
Females	23.7 years
Longevity at age 65 for those currently age 45	
Males	22.4 years
Females	24.7 years

If the mortality rates were to be reduced proportionately such that the average life expectancy for a 65 year-old female was increased by two years, and the mortality rate was adjusted proportionately for all other plan members, the defined benefit obligations for the WSIB Employees' Pension Plan and Retiree Health, Dental and Life Insurance Benefit Plan would increase by $162 (5.0%) and $46 (8.1%), respectively.

13. Benefit Liabilities and Benefit Costs

Benefit liabilities

Benefit liabilities are based on the level and nature of entitlement under the WSIA and adjudication practices in effect at that date.

Benefit liabilities are comprised of the following:

	2015	2014
Loss of earnings	9,096	9,015
Workers' pensions	6,587	6,115
Health care	3,938	3,849
Survivor benefits	2,860	2,687
Future economic loss	1,502	1,608
External providers	184	239
Non-economic loss	291	253
Long latency occupational diseases	2,137	1,886
Claim administration costs	1,235	1,148
Benefit liabilities	**27,830**	**26,800**

A summary of the changes in benefit liabilities is as follows:

	2015	2014
Benefit liabilities, beginning of year	26,800	26,960
Benefit costs	3,760	2,623
Benefit costs paid during the year	(2,730)	(2,783)
Benefit liabilities, end of year	**27,830**	**26,800**

Further details of the changes in benefit liabilities are as follows:

	Loss of earnings	Workers' pensions	Future economic loss	Health care	Non-economic loss	External providers	Survivor benefits	Claim admin.	Occupa-tional diseases	LRI[1]	2015	2014
Benefit liabilities, beginning of year	8,588	6,115	1,462	3,849	253	239	2,687	1,148	1,886	573	**26,800**	26,960
Claim costs recognized during the year	706	-	-	453	37	45	100	400	-	32	**1,773**	1,751
Payments processed during the year	(839)	(577)	(204)	(446)	(43)	(34)	(189)	(398)	-	(56)	**(2,786)**	(2,842)
Interest expense on the liability	388	278	61	172	12	12	125	49	90	24	**1,211**	1,283
Impact of legislative change	212	596	41	-	32	-	-	31	26	10	**948**	127
Impact of actuarial remeasurement	98	240	24	152	16	1	132	29	173	16	**881**	830
Changes in claims experience	(491)	(65)	(22)	(242)	(16)	(79)	5	(24)	(38)	(25)	**(997)**	(1,309)
Benefit liabilities, end of year	**8,662**	**6,587**	**1,362**	**3,938**	**291**	**184**	**2,860**	**1,235**	**2,137**	**574**	**27,830**	**26,800**

1. Loss of Retirement Income Fund ("LRI").

Benefit costs

Benefit costs are comprised of the following:

	2015	2014
Benefit payments	**2,332**	**2,420**
Claim administration costs		
Allocation from administration and other expenses	378	344
Allocation from legislated obligations and funding commitments	20	19
	398	**363**
Change in actuarial valuation of benefit liabilities	**1,030**	**(160)**
Benefit costs	**3,760**	**2,623**

Benefit payments represent cash paid during the year to or on behalf of injured workers. Benefit payments are comprised of the following:

	2015	2014
Loss of earnings	839	863
Workers' pensions	577	596
Health care	446	452
Survivor benefits	189	184
Future economic loss	213	230
External providers	34	44
Non-economic loss	43	48
Other	(9)	3
Benefit costs paid to or on behalf of injured workers	**2,332**	**2,420**
Claim administration costs	398	363
Benefit costs paid during the year	**2,730**	**2,783**

Change in actuarial valuation

The change in the actuarial valuation of benefit liabilities is comprised of the following:

	2015	2014
Changes in estimate of cost of claims	(2,010)	(2,400)
Changes in actuarial assumptions and methods	881	830
Changes in legislation	948	127
Accretion[1]	1,211	1,283
	1,030	**(160)**

1. Accretion represents the estimated interest cost of the benefits liability, considering the discount rate, benefit liabilities at the beginning of the year and payments during the year.

The changes in actuarial assumptions and methods are comprised of the following:

	2015	2014
Changes in discount rate	1,026	569
Changes in methods and assumptions for loss of earnings benefits	(154)	(22)
Changes in methodology for future awards	(1)	64
Changes in average awards	10	92
Changes in occupational disease assumptions and methods	-	127
	881	**830**

Actuarial assumptions and methods

The actuarial present value of future benefit payments depends on actuarial assumptions, including economic assumptions, which are based on past experience modified for current trends and expected development. Actuarial assumptions are reviewed annually when the actuarial valuation is performed. Management believes the valuation methods and assumptions are, in aggregate, appropriate for the valuation of benefit liabilities. The following table summarizes the main underlying actuarial assumptions used in estimating the categories of benefit liabilities:

Actuarial Assumption	Note	Loss of earnings	Workers' pensions	Health care	Survivor benefits	Future economic loss	External providers	Non-economic loss	Long latency occupational diseases (e)
Discount rate	(a)	√	√	√	√	√	√	√	√
Indexation	(a)	√	√	-	√	√	-	√	√
Wage escalation	(a)	√	√	-	√	√	√	√	√
Health care escalation	(a)	-	-	√	-	-	-	-	√
Wage loss	(b)	√	-	-	-	√	-	-	√
Mortality	(c)	√	√	√	√	√	-	√	√
Claims incidence	(d)	√	-	-	-	-	-	-	√
Termination	(d)	√	-	-	-	-	-	-	√
Exposure index	(d)	√	√	√	√	√	√	√	√
Expenses	(f)	√	√	√	√	√	√	√	√

(a) Economic assumptions

The following provides a summary of the primary economic assumptions used in the actuarial valuation of benefit liabilities:

	2015	2014
Discount rate	2016 and thereafter – 4.75%	2015-2017 – 4.75% thereafter – 5.25%
Indexation of benefits rate[1]:		
Fully indexed to inflation	2.0%	2.0%
Partially indexed	2016 – 0.5% 2017 – 1.0% 2018 and thereafter – 2.0%	0.5%
Wage escalation rate	3.0%	3.0%
Health care costs escalation rate	4.0%	4.0%

1. On December 10, 2015, the Ontario government passed the *Budget Measures Act, 2015*, which amended *Chapter 38, Schedule 23, Sections 49, 50 and 51* under the WSIA. Effective January 1, 2018, the alternate and prescribed temporary indexing factors will be replaced by one indexing factor. The new indexing factor will be based on the percentage change over a 12-month period in the Consumer Price Index measured at the previous October and will be directly applied to the benefit amount. In the interim, *Ontario Regulation 454/09* prescribes temporary indexing factors of 0.5% for 2016 and 1.0% for 2017 with the current indexing methodology.

(b) Wage loss

Wage loss refers to the proportion of a worker's wages that is lost due to an injury. Most benefits influenced by wage loss are based on historical experience and limits in the WSIA.

(c) Mortality

The assumptions for the mortality rates were the same as the rates used in 2014 except adjusted for an additional year of mortality improvement. The base mortality rates were updated in 2013 to reflect recent experience. Mortality rates are used to estimate the duration for which the WSIB will continue to be required to make payments to injured workers or survivors receiving monthly pension amounts. The mortality assumptions are determined separately for injured workers and survivors as follows:

(i) the mortality assumption for injured workers is based on an actuarial study of the mortality levels by age and gender experienced by WSIB disability income recipients from 2006 to 2010, adjusted to reflect any prevailing improvements (or otherwise) in the experience of WSIB injured workers up to and including 2015;

(ii) the mortality assumption for those receiving survivor benefits is based on an actuarial study of mortality levels experienced by WSIB survivors, and the 2009-2011 Province of Ontario population mortality table developed by Statistics Canada, adjusted to reflect any prevailing improvements (or otherwise) in the experience of WSIB survivors up to and including 2015; and

(iii) the mortality rates for both injured workers and survivors are projected for future years using the Canada Pension Plan's mortality improvement factors. As such, future mortality rates are reduced to allow for greater future longevity expected for injured workers and survivors.

(d) Claims incidence, termination and exposure index

Claims incidence refers to the number of claims incurred during the year and requires actuarial assumptions for the number of claims expected to have been incurred but not reported at December 31, 2015. Termination refers to the actuarial assumptions regarding the future duration of claims. Exposure index refers to the indicator used to assist in predicting certain future costs for different injury years and represents, on a relative basis, the level of risk insured by the WSIB.

The assumptions regarding claims incidence are determined based on the number of claims incurred in past years. The termination assumption is determined using average termination experience of the WSIB from three recent injury years and modified for the existing claims expected to be of longer duration. The exposure index has been developed using the number of claims incurred up to injury year 1998, and for subsequent years, the number of workers covered by the WSIB, adjusted by the variation in the average risk associated with these workers. The termination rates and loss of earnings future lock-in claim profile has been updated in 2015 to reflect recent experience.

(e) Occupational diseases

Occupational diseases refer to future occupational disease claims arising from exposures up to the valuation date to hazardous substances or conditions, such as asbestos and excessive noise. An in-depth study was performed in 2014 to estimate the number of latent occupational disease claims, the latency periods and their expected costs. In 2014, the expected cost was updated to reflect most recent experience. These costs are for loss of earnings, labour market re-entry, future economic loss, health care, survivor benefits, retirement income benefits, and claim administration costs. The assumptions used for the determination of benefit liabilities were primarily based on the historical experience of the WSIB.

(f) Expenses

Ratios of claim administration costs to the amounts of claims paid are used to estimate the future costs of claim administration for current claims. These ratios had been developed in analyzing claims administration and other claims related management costs for all cost centers at the WSIB by claim type, duration and amount.

Sensitivity of actuarial assumptions

Changes in the actuarial assumptions used have a significant effect on the benefit costs recognized. The following provides an estimate of the potential impact of a change in the more significant assumptions:

Change in assumption	Increase in benefit costs 2015
100 basis point decrease in the discount rate	3,022
100 basis point increase in the inflation rate:	
Impact of benefits indexation rate	1,865
Impact of wage growth	457
Impact of health care cost escalation	578

Claims development

Benefit liabilities include the current estimate of future payments related to claims incurred during 2015 and prior years. Each reporting period, benefit liabilities are adjusted for changes in the estimate of the future payments, and the change in estimate is recognized in benefit costs. The table below provides the development of the estimates related to claims incurred from 2006 to 2015.

	Year of injury										
	2006	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**Total**
Year of estimate											
2006	2,353										
2007	2,606	2,488									
2008	2,675	2,458	2,393								
2009	2,984	2,786	2,620	2,164							
2010	3,091	3,105	3,052	2,418	2,361						
2011	3,231	3,286	3,065	2,207	2,744	2,760					
2012	3,245	3,423	3,241	2,518	2,270	2,363	2,815				
2013	3,153	3,135	3,077	2,340	2,065	2,019	2,274	2,627			
2014	3,093	3,094	2,794	2,270	1,955	1,897	2,000	2,296	2,453		
2015	3,132	3,147	2,826	2,069	1,840	1,764	1,843	1,981	2,145	2,317	
Current estimate of cumulative claims costs	3,132	3,147	2,826	2,069	1,840	1,764	1,843	1,981	2,145	2,317	23,064
Cumulative payments made	(1,613)	(1,532)	(1,313)	(838)	(612)	(498)	(455)	(412)	(329)	(164)	(7,766)
Outstanding claims (undiscounted)	1,519	1,615	1,513	1,231	1,228	1,266	1,388	1,569	1,816	2,153	15,298
Effect of discounting	(614)	(664)	(637)	(547)	(563)	(601)	(670)	(769)	(868)	(945)	(6,878)
Discounted outstanding claims	905	951	876	684	665	665	718	800	948	1,208	8,420
Discounted outstanding claims prior to 2006 injury year											16,038
Claim administration costs											1,235
Long latency occupational diseases											2,137
Total outstanding claims											**27,830**

Rate setting

In accordance with the WSIA, the WSIB's obligations are satisfied by charging annual premiums to all Schedule 1 employers and investment income. The premiums are determined based on a percentage of insurable earnings of each Schedule 1 employer. Schedule 1 employers are classified within specific rate groups, which are based on the nature of the employer's business. The premium rate applicable to particular rate groups and Schedule 1 employers within that group is determined as the sum of four main components:

(a) the cost of new claims, which is based on the expected number of claims and benefit payment costs of that rate group;

(b) administration costs, which are based on the rate group's share of expected administration costs and legislative obligations of the WSIB;

(c) the cost of old claims, which is based on the amortization of the shortfall between the costs of old claims and the accumulated assets supporting those claims; and

(d) experience rating, which, depending on the size and class of the employer, is based on relative historical cost performance of the employer relative to other employers in the same rate group.

Concentration of risks

The WSIB provides workplace injury insurance for all Schedule 1 employers with workers in the Province. In this respect, the WSIB's risks are concentrated among the workplace risks associated with the various industries in the Province. The insurable earnings by industry for the year ended December 31, 2015 are provided below.

Industry	Insurable earnings	% of total
Agriculture	2,166	1.2%
Automotive	7,508	4.1%
Construction	20,053	11.0%
Education	6,865	3.8%
Electrical	5,447	3.0%
Food	5,014	2.8%
Forestry	452	0.2%
Health care	24,100	13.2%
Manufacturing	39,205	21.5%
Mining	1,990	1.1%
Municipal	2,178	1.2%
Primary metals	1,654	0.9%
Process and chemicals	4,630	2.5%
Pulp and paper	749	0.4%
Services	49,729	27.3%
Transportation	10,472	5.8%
Total	**182,212**	**100.0%**

In addition, the WSIB's risks are concentrated among the workplace injuries and diseases that result in disabilities or deaths to injured workers. The WSIA does not provide the WSIB with the ability to diversify away from these risks. Additional risks can arise from appeals or legislative changes, which can produce an immediate increase in benefit liabilities.

Premium rates are the only means to mitigate these risks, other than investment income. Premium rates are adjusted annually as benefit liabilities and risks are reviewed and then differentiated by rate group in order to reflect the higher or lower expected costs and loss frequency associated with particular rate groups. In addition, the rates charged to larger employers in the same rate group are further adjusted based on the historical claims experience of that employer relative to the rate group as a whole.

Liquidity of benefit liabilities risks

The following table provides an estimate of the expected timing of undiscounted cash flows for benefit payments for claims:

	2015	2014
Up to one year	5%	5%
Over one year and up to five years	17%	18%
Over five years and up to ten years	18%	19%
Over ten years and up to fifteen years	15%	15%
Over fifteen years	45%	43%
	100%	**100%**

14. Commitments and Contingent Liabilities

Operating leases

The WSIB is the lessee to a number of operating leases for office space and computer equipment, with lease terms up to 10 years.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	Minimum lease payments
Not later than one year	15
Later than one year and not later than five years	31
Later than five years	25
	71

During the year ended December 31, 2015, operating lease payments of $15 (2014 – $15) were recognized in administration and other expenses. The payments included charges for operating expenses related to the leases of office space and other items.

Leases of investment properties

The WSIB is the lessor of a number of operating leases of its investment properties. These leases typically have a term of 3 to 15 years, with an option to renew. The future minimum lease payments to be received under non-cancellable operating leases are as follows:

	Minimum lease payments
Not later than one year	69
Later than one year and not later than five years	209
Later than five years	189
	467

Investment commitments

The WSIB had the following commitments related to its investment portfolio:

	2015	2014
Real estate, multi-asset and infrastructure investments	1,322	948
Investments in joint ventures	110	127
Purchases or development of investment properties	7	8
	1,439	**1,083**

Legislated obligations and funding commitments

Known commitments related to legislated obligations and funding commitments as at December 31, 2015 were approximately $254 for 2016 (2014 – $251 for 2015).

Other commitments

At December 31, 2015, the WSIB has additional commitments going forward under non-cancellable contracts for purchases of goods and services with minimum future payments of approximately $126 (2014 – $113).

Legal actions

The WSIB is engaged in various legal proceedings and claims that have arisen in the ordinary course of business, the outcome of which is subject to future resolution. Based on information currently known to the WSIB, management believes the probable ultimate resolution of all existing legal proceedings and claims will not have a material effect on the WSIB's financial position.

15. Funding and Capital Management

As the trust agency for administering the Province's compensation system, the WSIB's capital management objective is to ensure sufficient funding to provide compensation and other benefits to workers and to the survivors of deceased workers. The WSIA requires the WSIB to make payments for current benefits as they come due and to provide for future benefits. Further, the WSIA requires the WSIB to maintain sufficient funding so as not to burden unduly or unfairly any class of Schedule 1 employers with payments, in any year in respect of current benefits, or in future years in respect of future benefits.

The capital resources available to the WSIB are comprised of its total assets less total liabilities, excluding those attributable to non-controlling interests. At December 31, 2015, the WSIB's capital is represented by the unfunded liability attributable to WSIB stakeholders of $6,599 (2014 – $7,890).

Ontario Regulation 141/12 ("Regulation 141"), which came into force January 1, 2013, requires the WSIB to meet prescribed Sufficiency Ratios by certain dates over the next 15 years. This regulation was amended by *Ontario Regulation 338/13* ("Regulation 338"), which came into force January 1, 2014 and further clarifies the measurement of assets and liabilities included in the Sufficiency Ratio. The Sufficiency Ratio is calculated by comparing total assets to total liabilities, with certain assets and liabilities measured on a different basis than that required under IFRS. The WSIB is required to meet the following Sufficiency Ratios, as defined by regulation:

December 31, 2017	60%
December 31, 2022	80%
December 31, 2027	100%

On August 8, 2013, the Minister of Labour (the "Minister") formally accepted the WSIB's Sufficiency Plan describing the measures being taken by the WSIB to improve the Sufficiency Ratio and how these measures will achieve the prescribed targets. The WSIB prepares a quarterly Sufficiency Report to Stakeholders to report on its progress towards meeting the legislated funding requirements.

As at December 31, 2015, the Sufficiency Ratio, as defined in Regulation 141 and amended by Regulation 338, was 77.9% (2014 – 71.6%).

16. Related Party Transactions

Government of Ontario and related entities

The WSIB is a trust agency of the Government of Ontario, responsible for administering the WSIA. As such, the WSIB is considered a government-related entity and is provided partial exemptions under IFRS from its disclosure of transactions with the Government of Ontario and its controlled ministries, agencies, and Crown corporations.

Pursuant to the WSIA, the WSIB is required to reimburse the Government of Ontario for all administrative costs of the OHSA. The WSIB is also required to fund costs associated with the MoL's prevention activities, the WSIAT and the offices of each of the Worker and Employer Adviser. These reimbursements and associated amounts charged to employers are determined and approved by the Minister. The WSIB also provides grant funding to carry on investigations, research and training. The total funding provided under these legislated obligations and funding commitments for the year ended December 31, 2015 was $243 (2014 – $245).

The WSIB is required to reimburse the Ministry of Health and Long-Term Care ("MOHLTC") for physicians' fees for services to injured workers, as well as an administrative fee to the MOHLTC. Amounts paid to the MOHLTC for physicians' fees and administrative services for the year ended December 31, 2015 were $36 (2014 – $37).

In addition to legislated obligations and workplace health and safety expenses, which the WSIB collectively presents in legislated obligations and funding commitments expense, the consolidated financial statements include amounts resulting from transactions conducted in the normal course of operations with various controlled ministries, agencies and Crown corporations of the Government of Ontario.

Included in investments are $1,515 of marketable fixed income securities issued by the Government of Ontario and related entities (2014 – $1,394).

Key management remuneration

The remuneration of key management, which includes the Board of Directors, is included in administration and other expenses.

	2015	2014
Salaries and short-term benefits	4.4	3.0
Long-term employee benefit plans	0.4	0.3
	4.8	**3.3**

Post-employment benefit plans

The WSIB's two employee defined benefit pension plans and other long-term employee benefit plans are considered related parties. Note 12 provides details of transactions with these post-employment benefit plans.

17. Interests in Other Entities

Interests in subsidiaries

The WSIB's consolidated financial statements include the financial statements of all its subsidiaries.

(a) Directly owned subsidiaries

The WSIB's invested assets are held directly or indirectly by the following subsidiaries:

	WSIB's ownership		Country of incorporation and operation
	2015	2014	
Wholly owned subsidiary			
799549 Ontario Inc.	100.0%	100.0%	Canada
Partly-owned subsidiaries ("Investment Pools")			
Absolute Return (2012) Pooled Fund Trust	90.7%	90.3%	Canada
Diversified Markets (2010) Pooled Fund Trust	89.5%	90.1%	Canada
Diversified Markets (2009) Pooled Fund Trust	89.5%	88.9%	Canada
WSIB Investments (Fixed Income) Pooled Fund Trust	89.5%	89.4%	Canada
WSIB Investments (Infrastructure) Pooled Fund Trust	89.5%	88.1%	Canada
WSIB Investments (International Realty) Limited[1]	89.5%	N/A	Canada
WSIB Investments (Public Equities) Pooled Fund Trust	89.5%	88.8%	Canada
WSIB Investments (Realty) Limited	89.5%	88.2%	Canada
WSIB Investments (Total Return) Pooled Fund Trust	89.5%	89.1%	Canada
Simcoe Pacific Pooled Fund Trust[2]	89.5%	N/A	Canada

1. WSIB Investments (International Realty) Limited was incorporated on March 20, 2015 and commenced operations in April 2015.
2. Simcoe Pacific Pooled Fund Trust was created on April 23, 2014. The trust agreement was amended on May 22, 2015 and began operations in July 2015.

The WSIB Employees' Pension Plan is the non-controlling interest in each of the Investment Pools listed above; its non-controlling ownership ranges from 9.3% - 10.5%. The following provides aggregated summary financial information for the Investment Pools, before intercompany eliminations:

Summary information from statements of financial position	2015	2014
Total assets	26,209	23,748
Total liabilities	(303)	(233)
Surplus of assets	**25,906**	**23,515**
Attributable to the WSIB Employees' Pension Plan	**2,699**	**2,551**

Summary information from statements of comprehensive income	2015	2014
Investment income	1,415	2,168
Investment expenses	(30)	(24)
Net investment income, net income and comprehensive income	**1,385**	**2,144**
Attributable to the WSIB Employees' Pension Plan	**151**	**237**

Details of the nature of investments held by the Investment Pools are included in note 7.

(b) Other subsidiaries

WSIB Investments (Realty) Limited and WSIB Investments (Infrastructure) Pooled Fund Trust hold invested assets in a number of wholly and partly-owned subsidiaries. The surplus of assets of WSIB Investments (Realty) Limited that is attributable to non-controlling interests at December 31, 2015 is $103 (2014 – $93).

(c) Reconciliation of non-controlling interests

The following provides a reconciliation of the unfunded liability attributable to WSIB stakeholders and non-controlling interests, including the effect of changes in ownership:

	Unfunded liability attributable to WSIB stakeholders	Non-controlling interests		
		Investment Pools	Other subsidiaries	Total
Balance at December 31, 2013	(10,467)	2,313	81	2,394
Total comprehensive income	2,577	237	5	242
Distributions paid by subsidiaries to non-controlling interests	-	(146)	(3)	(149)
Disposition of non-controlling interests[1]	-	147	10	157
Balance at December 31, 2014	(7,890)	2,551	93	2,644
Total comprehensive income	1,291	151	1	152
Distributions paid by subsidiaries to non-controlling interests	-	(127)	(4)	(131)
Disposition of non-controlling interests[1]	-	124	13	137
Balance at December 31, 2015	**(6,599)**	**2,699**	**103**	**2,802**

1. Disposition of non-controlling interests represent net contributions by non-controlling interests and resulted in changes in the WSIB's ownership share in the Investment Pools; however, there was no effect on the unfunded liability attributable to WSIB stakeholders. The net contributions by non-controlling interests in other subsidiaries did not result in any changes in the WSIB's ownership share.

Interests in joint ventures

WSIB Investments (Realty) Limited and WSIB Investments (Infrastructure) Pooled Fund Trust hold invested assets in a number of joint ventures. Summary financial information for the joint ventures in aggregate is provided in note 7.

Interests in joint operations

799549 Ontario Inc. and WSIB Investments (Realty) Limited hold invested assets in a number of joint operations. Summary financial information for the joint operations in aggregate is provided in note 7.

Ontario's Workplace Safety and Insurance Board is one of the largest insurance organizations in North America. Our 4,000 dedicated employees provide workplace injury insurance for five million workers and over 300,000 employers.

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